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# FINANCIAL TIMES

No. 27,363

Wednesday September 21 1977

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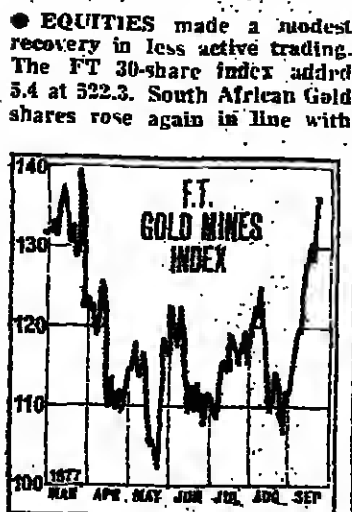
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## NEWS SUMMARY

### RAL BUSINESS

#### Equities and gilts rise; gold up \$1



**EQUITIES** made a modest recovery in less active trading. The FT 30 share index added 3.4 at 322.3. South African Gold shares rose again in line with the price of gold.

**EDUCATION** - The Education Committee recommends that local community schools should have representation with each school's governing body.

**FRONT** - The Front has been banned from staging a march following a meeting in Manchester. T.ameside is agreed to a police ban on all marches on September 21 and 22.

**INDUSTRY** - The Department of Industry has decided against introducing legislation to split the Post Office into autonomous postal and telecommunications corporations.

**INTERNATIONAL** - The U.S. Administration has a fresh idea of Arab views on the Middle East.

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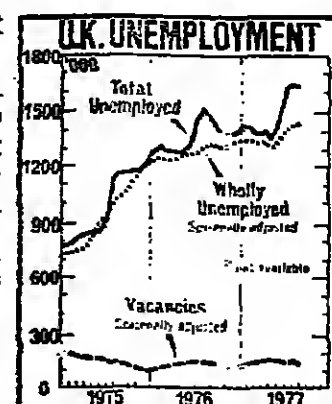
**INTERNATIONAL** - The U.S. Administration has a fresh idea of Arab views on the Middle East.

## Post-war record of 6.1% now unemployed

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

Unemployment increased sharply during the past month and is now on a clearly rising trend.

The number of adults out of last two weeks about the work in the U.K. increased by 11,000 to 2,200,000 in the month to mid-September. This is a post-war record although a decision is unlikely to be taken until the new Treasury forecasts are ready in a few weeks and the pattern of wage settlements is clearer. But a statement may be delayed until after the prospects for 1978-79 have been revised in November when an International Monetary Fund team visits London for talks. Public expenditure measures designed to boost employment directly took a strong possibility whether the main uncertainty is whether a further rise in unemployment before the end of the year or whether a promise will be given about action to be taken in the spring budget. Mr. Denis Healey, the Chancellor, said on Monday that the rate of inflation has been continuous, rather than too much too late. The pressures for retortion were also strengthened yesterday by Central Statistical Office figures showing a fall in the level of economic activity as measured by Gross Domestic Product, in the first half of the year. The view of the Government, shared by most economists, is that both demand and output will improve, but the rate of inflation will remain high. The income tax cuts and rebates boost take-home pay. There is, however, disagreement about the extent of the recovery in activity and of the need for retortion. But most economists and policy-makers believe that any likely growth in the economy will not be sufficient to prevent a further rise in unemployment during the winter. The other main indicator of labour market activity - notified vacancies - is also not encouraging with a drop of 8,000 to 144,700 in the month in the seasonally adjusted total. This is 16,500 below the May peak. The figure for the lows on and off the register are also consistent with a rising trend in the numbers out of work. The total number of unemployed on the register would have been about 225,000 higher but for the impact of the Government's various job preservation and creation measures. Editorial Comment Page 18



## Jobs threatened in BSC bid for major savings

BY ARTHUR SMITH

BRITISH STEEL CORPORATION has launched a major cost-cutting exercise which could place thousands of jobs at risk. The corporation said last night that it had been forced to adopt drastic measures in response to the recession in steel demand. Instructions have been issued to every plant to seek economies wherever possible, including a reduction in overtime and cuts in the labour force. BSC maintained that the steel unions had given the go-ahead for such negotiations to proceed at plant level. The corporation has phased out 20,000 jobs over the past two years to bring down the labour force to 208,000. In the longer term, the State-owned concern wants to reduce the total to about 150,000 in order to match the productivity levels of foreign competitors. The initiative to cut costs in the steel industry is intended to prevent the undertaking running up record losses, currently estimated at up to £250m. "No plant will be closed from the exercise and all the options will be considered," said the corporation. Even modern plants like Teeside and Llanwern are reviewing operations, but it is obviously a relief was given to such operations in the review presented to the Government by Lord Beswick in February, 1975. BSC insisted last night that its moves were not intended to bring forward final closures and that any shutdown would only be for two to three months. Unions at Ebbw Vale, one of the high-cost plants, have already agreed to a temporary closure of two of the three open-hearth furnaces. The 313 employees affected will either be found alternative employment or paid around 80 per cent of their wages under a fallback arrangement negotiated with the unions. At Corby tube works, by no means one of the high-cost plants, management has put forward proposals which could mean a cut of 1,200 jobs in the 11,300 workforce. BSC said negotiations were continuing with the unions on how to implement economies but it was hoped to deal with any labour surplus by early retirement, voluntary redundancies and natural wastage. The plans evoked an angry response from negotiators from the five trade unions involved at Corby. The unions intend to challenge the company proposals and put forward alternative suggestions.

## Wilson committee report soon

BY NICHOLAS COLCHESTER

LACK OF demand for finance, rather than a problem of supply, was one of the themes of the evidence submitted to the Committee to Review the Functioning of the Financial Institutions. Sir Harold Wilson, chairman, said last night. Sir Harold was speaking after his committee had met for a full day to discuss the large volume of evidence already received. The committee decided yesterday to publish a progress report in November or December on the question it has been studying so far—the financing of industry and trade. This report is not expected to draw conclusions, and in the foreseeable future there are no signs that there will be a shortage of finance for the needs of industry, as defined by large companies," Sir Harold said. He also reported that the problems of small companies had played a larger part in the committee's deliberations than had originally been envisaged. Taxation had loomed large in the discussions. Sir Harold praised the "high level" of evidence that his committee had received. Indeed, he suggested that the level of evidence submitted by the Treasury officials had, if anything, been a little too high. "There was a tendency for both sides to become involved in highly intellectual discussion," he said. The battle of wits between the high-powered men from the Treasury and the academics on the committee was for much of the time fought out in the stratosphere of monetary economics, but the oral evidence did at times descend to give interesting insights into the Treasury's relationship with institutions, industry, and the Bank of England. Evidence to committee Page 16

## Vorster calls surprise election

BY QUENTIN PEEL

PRETORIA, Sept. 20. MR. JOHN VORSTER, the South African Prime Minister, tonight unexpectedly called a general election to demonstrate the solidarity of white South Africa in the face of foreign criticism. In a hifalutin announcement of the poll, to take place on November 30, he called on his 2m. electors to back his rejection of foreign powers seeking to "meddle in the affairs of another country," and to add their protest to his own. At the same time he declared his intention to seek backing for plans for constitutional change which would scrap the country's Westminster-style parliamentary system in favour of a supreme executive presidency. The election will also catch the white opposition in a state of disarray, following a major realignment of the principal parties. Mr. Vorster's announcement, made from the Prime Minister's conference room in Pretoria's union buildings, follows a month of fighting speeches by leading members of the Government, denouncing foreign interference in South Africa and warning of the danger of sanctions being invoked against the country.

## Israeli moves in Lebanon imperil talks

BY OUR OWN CORRESPONDENT BEIRUT, Sept. 20.

ISRAEL has entered more directly into the conflict in the south of Lebanon than ever before, increasing the danger of confrontation with Syria and jeopardising prospects for the U.S. peace initiative for the Middle East. As Mr. Moshe Dayan, the Israeli Foreign Minister, set about his talks in Washington, the Syrian newspaper Al-Bath said that Israeli raids on "some southern border villages" in the past few days were aimed not only at wrecking prospects for stability in south of Lebanon, but also at undermining Arab moves and discussions on a Middle East settlement at the forthcoming U.N. General Assembly. In Damascus the Central Council of the Palestinian Liberation Organisation issued an appeal for urgent Arab support of the guerrillas. Mr. Yassir Arafat, chairman of the PLO, was present at the meeting. He claimed to have come directly from the "front," where he said to have been directing Palestinian operations. Mr. Arafat said that Israeli troops have spearheaded the assaults of the Right-wing Lebanese Phalangists against the Palestinian guerrillas holding their foothold near the border, according to Western diplomatic sources here. They were said to have withdrawn last night, having secured new strategic positions for their Christian allies. "When the present round of fighting broke out last Friday, Right-wing activists here



admitted that Israeli tanks were involved in the attempt to drive the guerrillas from their positions near the border. They have been supported by 175mm. long-range guns, while spitzer aircraft have flown overhead to guide their fire. From Sidon it was reported by Reuters today that Israeli mobile units had crossed the border and established three permanent posts round Kafr Kila, just 500 metres across the border. No estimate was given of the strength of the force except that it consisted of infantry and armoured vehicles. Israeli gunboats were said to have sailed into Lebanese territorial waters facing the port of Tyre, through which the guerrillas have in the past received supplies. Palestinian reinforcements have been moving down the Bekaa Valley from the north to the enclave under the shoulder of Mount Hermon, which the guerrillas have held since 1975. Continued on Back Page

## Dayan seeks peace talks

BY DAVID BELL WASHINGTON, Sept. 20.

MR. MOSHE DAYAN, the Israeli Foreign Minister, said today that he believed the Geneva Peace Conference could be reconvened before the end of the year, but acknowledged that it would be a "wide gap" between the U.S. and Israel on several key issues. In a notably conciliatory Press conference, Mr. Dayan said that from what he knew of the Arab position, there was no major obstacle to reconvening the conference. He sidestepped questions about his "mystery" move to Europe last week-end, saying that the people he met of the Organisation for Arab Unity were not eager for me to discuss any circumstances. ABC News reported that on Saturday Mr. Dayan flew secretly from Paris to London for a meeting with King Hussein of Jordan, but there was no confirmation of this today. All Mr. Dayan would say was that "I am in a position to estu-

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### CE CHANGES YESTERDAY

Company	Change
Parkland Textile A	70 + 7
Pittard	58 + 6
Redfearn Nat. Glass	270 + 20
Rolls-Royce	78 + 5
Socoles (G. H.)	265 + 10
Tarmac	178 + 6
Turner Mfgs.	197 + 7
Vickers	237 + 5
BP	926 + 5
Oil Expln.	292 + 23
Tricentrol	194 + 6
Anglo-Vast	740 + 40
Cons. Cold Fields	190 + 7
Durban Deep	198 + 11
Southval	862 + 14
Winkelhaak	580 + 16

### FALLS

Dale Elec.	106 - 5
Dunlop	110 - 4
Furness Withy	334 - 6
Law Land	38 - 5
Wilmot-Bredren	82 - 3

Price at suspension

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LOMBARD

Stability for its own sake

BY MICHAEL BLANDEN

OPPOSING arguments on the policy which the Government should follow in coping with the strop foreign demand for sterling have been neatly encapsulated in two recent publications.

On one side, the Bank of England defended last week the approach which it has been following virtually since the beginning of this year of keeping the value of the pound more or less stable in terms of the dollar and then of the basket of currencies represented by the official index.

The Bank maintained that the benefits of allowing the exchange rate to appreciate, in terms of the direct impact this would have on reducing the cost of imported goods and therefore on the rate of domestic inflation, had been overrated by the main proponents of this approach in the City and elsewhere.

At the same time, he turned the Bank's argument on competitiveness on its head by suggesting that competitive devaluation—implied by holding the exchange rate lower than it would otherwise be—might be self-defeating.

The performance of the monetary aggregates so far in the current financial year, comfortably under the growth range needed to meet the official targets, has appeared to support the Bank's case on this issue.

Played down

At the same time, the Bank played down the inflationary implications for money supply of the inflows of foreign funds consequent upon policy intervention in the exchange market.

To a considerable extent, the argument ran, the foreign money accruing to the reserves had corresponded to external borrowing by the public sector or had been invested directly in public sector debt.

Furthermore, there were other compensatory factors which, the Bank suggested, might be built into the system rather than accidental—for example, to the extent that inflows of funds went to industrial and commercial companies, they reduced their need for domestic bank finance and therefore held down upward pressure on the money supply from that source.

The authorities might for example, buy dollars forward, thus leading to spot purchases of dollars. The Bank would effectively move foreign currency holdings temporarily from official hoards to the private sector.

The potential reserves thus transferred, he said, could be restored simply by not renewing the forward contracts involved, thus providing a useful buffer against outflows in the future if overseas confidence weakened.

To the extent that this had happened, however, it had merely postponed the exchange and thus aggravated the problem of official monetary control.

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RACING

Ryoanji set for hat-trick

SIX JUVENILES who won last time out are among the runners for today's John Sutcliffe Trophy at Lingfield and this valuable nursery is certain to take a good deal of winning.

The likely winner will be either Jeremy Hindley's recent Yarmouth winner Pedro or Peter Walwyn-trained Ryoanji, who bids for a hat-trick after Warwick and Goodwood successes.

A PR, a rangy grey son of Runoyede and a consistent performer this season, gained a well-deserved second win last time out when he beat the might with the minimum of difficulty in Yarmouth's Jack Leader Memorial Trophy.

Sent on a furlong end a half from home on the East Coast track, Alan Kimberley's mount found a useful turn of foot and cleared his four lengths clear of runner-up Emperor's Shadow, to whom he was co-edging nearly 2m.

Ryoanji's best win at Warwick last month over the moderate Blow Your Horn was the first of the bare result suggests since she was in season that day. And she made no mistake in stronger company a fortnight ago.

Sent in Goodwood, Walwyn's one-time "Arc" hope to powerfully made Lyphard filly proved much too good for 12 opponents headed by Millbank.

LINGFIELD 2.00—Tender Answer 2.30—Ragna Imp 3.00—Ryoanji 3.30—Ad Lib Ra 4.00—Whit 4.30—Regency Elite\*\* 5.00—Lamiera

ATV 2.30—Norfolk Air 3.05—Referendum 3.35—Giriama 4.35—Country Walk\*\* CHELTENHAM 2.15—Green Fingerd 2.55—Imperial Family 4.30—Roman Holiday

in whom she was conceding 10 lb. in the Best Dean nursery. I take her to stamp herself as one of the better fillies seen out this season by out-pacing Pedro and the leniently handicapped Ad Lib.

Blow Your Horn, a well-beaten 8th of 13 in the St. Leger, returns to 11 miles in the Hartfield Stakes, and this race seems to represent a good opportunity for the one-time "Arc" hope to

carry items of freight aboard passenger aircraft if they are more than 22 feet long. His prospects therefore looked poor. But Kevin McPhillips, a director of Redcoat Air Cargo, heard of the problem and contacted Knox-Johnston at his Southampton Boat Show stand.

A Redcoat aircraft was due to leave Luton on Wednesday and if the mast-builders could deliver the mast to Luton in time, the company would divert the flight direct to Monrovia to deliver the mast to the yacht.

The mast-makers made it with time to hand, as the Concorder in hand, but the new mast, Williams expects to be back in the hut by to-morrow evening.

YACHTING

Heath's Condor beats setback

YESTERDAY, for the first time in almost a week, Robin Knox-Johnston's Condor was in the race which had been consuming him for a week but had been solved.

The crisis began last week when the 77-foot sloop, Heath's Condor, lost her 100-foot carbon fibre mast 30 miles short of the Equator while leading the race south in the Whitbread Round the World Yacht Race.

Leslie Williams, the skipper for the first and third legs of the race, and his crew nursed the yacht into Monrovia under jury rig and then began working frantically to make the repairs in conditions to prepare what remained of the mast for a 2,700-mile slog under motor and reduced sail to Cape Town.

John Powell and his team of mast-makers at Emsworth, Hampshire, meanwhile, hurriedly worked on an alloy mast for air freighting to Monrovia and Knox-Johnston, who will skipper the yacht from Cape Town to Auckland and on the final leg from Rio to Portsmouth, was given the task of finding some way to set the mast to the yacht in time for the Royal Western YC 150th anniversary trans-Atlantic race this summer.

Both yachts are just south of Ascension Island, with Great Britain II in exactly the same position as she was in the 28 days before the start of the Financial Times Clipper Race two years ago.

The other 12 yachts are strung out northwards towards the equator, which the Dutch yacht Tietia and B and B Italia—probably back markers—crossed to either side of the equator on Monday.

The track from the equator to Capetown is very much dictated by the position of the South Atlantic high-pressure area which, this year, seems to be centred to the east of St Helena.

Until the doldrums were passed—and one or two yachts bit long periods of calm with heavy rain in the area between Cape Verde Islands and the equator—the smaller yachts had been favoured on handicap by the prevailing light winds.

Now the leaders are meeting the stronger South-East Trades and size and weight are beginning to pay off.

In spite of a week lost in Monrovia, it would come as no surprise to find Heath's Condor among the back markers as they enter Capetown next month for the start of the trans-Atlantic race.

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BY DOMINIC WIGAN

GARDENS TO-DAY

Finding suitable trees for small gardens

WHAT WOULD BE a good tree for a small garden? I do not make a single terminal bud, rather scrawny in shape, but they grow quickly. The green Robinia Frisia is known now and still a very buy if your surroundings are not too formal.

Keep it out of the wind to put it in an awkward place where the light will play yellow to lime-green leaves. If you have noticed a bright yellow tree whose branches are and curve thickly with small leaves, looking even before the wind blows it is likely to be this variety. In the white-variegated class, I would consider the gated Box Elder (Acer N. variegata) to run it very

Pruned hard At this time of year you could resist the golden-leaved colours round you. Personally, I would choose the cut-leaved Catalpa tree in any arborvitae. It spreads out prettily at a height of about ten feet. It gives a little shade; it will fit into any garden, even into a small front patch where it can over the hedge trees.

Who you read that it is called the Indian Bean Tree, you may well fall for it, picturing a few hoopy leaves beside some muddy river. In fact, the only Catalpa on sale is native to the eastern United States where it roots deeply in rich damp soil. The pretty name derives, rather, from the pods which dangle like thin beans from the big leaves.

Deep roots If you feel that your garden will fade away after 20 more bold, exactly the sort of colour you would want among the first lovely Michaelmas Daisies. In my opinion, you should not bother with the plain, green-leafed Quercus rubra, but the latter has a much better leaf, in a variety of shades, than the Quercus rubra.

APPOINTMENTS D. Furneaux heads Marconi International Marine

Mr. David Furneaux has been appointed chairman and Mr. Ian Dick general manager of the MARCONI INTERNATIONAL MARINE COMPANY (GENERAL ELECTRIC ELECTRONICS).

Mr. J. R. Archer and Mr. P. F. Keens have been appointed deputy chairmen of the TRUSTEE SAVINGS BANKS CENTRAL BOARD.

Mr. Peter J. G. manager of BRIBON CIRCUITS, has been appointed director of the company.

Baron de Sparlet has resigned from the Board of TANGANYIKA CONCESSIONS.

Mr. C. J. Francis is appointed deputy general manager of FEDERATED COMPANY.

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Mr. C. J



suitable for gardens

# Juggling with the facts

by CHRIS DUNKLEY

isions at the recent gramme had no flaws at all... gh International Tele-let alone serious ones.

of them are worried that to believe what you really have... igh not be too strong a putting it— which has been put up in the last 15 or... between broadcasters... ic, is now being under-

ricular, they are con-... out a number of docu-... programmes including... Go Home, Goodbye... Road, and several... series called Once In... which have all pro-... to be "verite" pro-... have proved to... certain passages... d" by the programme...



From 'Johnny Go Home'

ore Hall

# Louis Kentner

by ARTHUR JACOBS

st Festival of London. All the same, and ungracious... ened on Monday, is a... ception by its director... Souza. It continues in... halls, theatres and... until the end of... It will take in some... avoided the very... famous and familiar... d some known only to... d Christmas (Westminster... October 28) is said to... egest of all 19th century... has never yet been... Faust, which might have... 3 in this country, and... simply swept along in the intoxi-... ct anyone who knows... agnificant Hungarian... to his seventies, Mr. Kentner

cannot be expected to play as shaped it well, but though not... to-day's young lions do. He was... further handicapped by his... Bösendorfer piano, out of tune in... and Liszt on Monday, both halves of the recital (despite... a long session of tumer's work in... the interval), with an apparently... the weak top range of which he... did not always produce loud... enough tone to match the music... of the middle voices. Certain... quieter numbers, such as a pedalling at the very end of the... beautiful, unfamiliar *Régy* and... (as an encore) a favourite of... Study, suited him best. He... He opened with Liszt's *Variations*... on Bach's *Weiner, Klagen* and... works for the piano.

## Festival Hall

# London Schools Symphony Orchestra

by MAX LOPPERT

The London Schools concerts... are always enjoyable, because... the playing can be relied upon... for colour, involvement, and

accepted ideas about Brahms... interpretation, for granted, the... indistinctness in Miss Harris's... rigidity rather than fresh... of laser beams rather... than autumnal light and shade... One longed for the conductor to... be put instantly through a crash-... course of BOUT.

## ENTAINMENTS GUIDE (Cont.)

- THEATRES**
  - CC. 01-930 6622-7765. *CC. 01-930 6622-7765.*
  - CC. 01-930 6622-7765. *CC. 01-930 6622-7765.*
  - CC. 01-930 6622-7765. *CC. 01-930 6622-7765.*
- CINEMAS**
  - LEICESTER SQUARE THEATRE 1930 52521. *LEICESTER SQUARE THEATRE 1930 52521.*
  - LEICESTER SQUARE THEATRE 1930 52521. *LEICESTER SQUARE THEATRE 1930 52521.*
  - LEICESTER SQUARE THEATRE 1930 52521. *LEICESTER SQUARE THEATRE 1930 52521.*
- CLUBS**
  - CC. 01-930 6622-7765. *CC. 01-930 6622-7765.*
  - CC. 01-930 6622-7765. *CC. 01-930 6622-7765.*
- CINEMAS**
  - SHAFESBURY AVE. 835. *SHAFESBURY AVE. 835.*
  - SHAFESBURY AVE. 835. *SHAFESBURY AVE. 835.*
- ART GALLERIES**
  - SLOANE STREET GALLERIES, 188 Sloane. *SLOANE STREET GALLERIES, 188 Sloane.*
  - SLOANE STREET GALLERIES, 188 Sloane. *SLOANE STREET GALLERIES, 188 Sloane.*

Lyttelton

# Happy Days

by B. A. YOUNG

"Peggy Ashcroft is as near... perfection as we are likely... see in our time." I wrote when... I reviewed this production of... Samuel Beckett's oddly funny... play last time round. The per-... fection is unbroken. "The old... style," as he says—comic and... said, subdued and authoritative... and above all delivered with... superb clarity. I saw the first... act from the back of the circle... and communication with the... stage was as total as later from... a seat in the stalls.



Peggy Ashcroft

## Book Review

# Ballet Master

by CLEMENT CRISP

Frederick Ashton and his Ballets... by David Vaughan, Adam and... Charles Black. London, George... Ill. 19.75 until November 30... £12 thereafter.

David Vaughan comes excel-... lently qualified to his task of... chronicling the creative life of... Frederick Ashton, the greatest... dancer, an Englishman playing... in New York—without giving... a sense of perspective, and help-... ing avoid too parenthetical an as-... sessment—and, above all, a lover... of Ashton's ballets. Vaughan has... produced a major work of dance... scholarship. It is both the most... complete and the most careful... survey of a choreographer that... I know. It discuses every step... created by Ashton, from his... Opus 1, *Tragedy of Fashion*, in... 1926, to *100 Years in the Coun-... try and the Brahms/Handara*... *Volcan* of half a century later.

ICA

# Marathon

by B. A. YOUNG

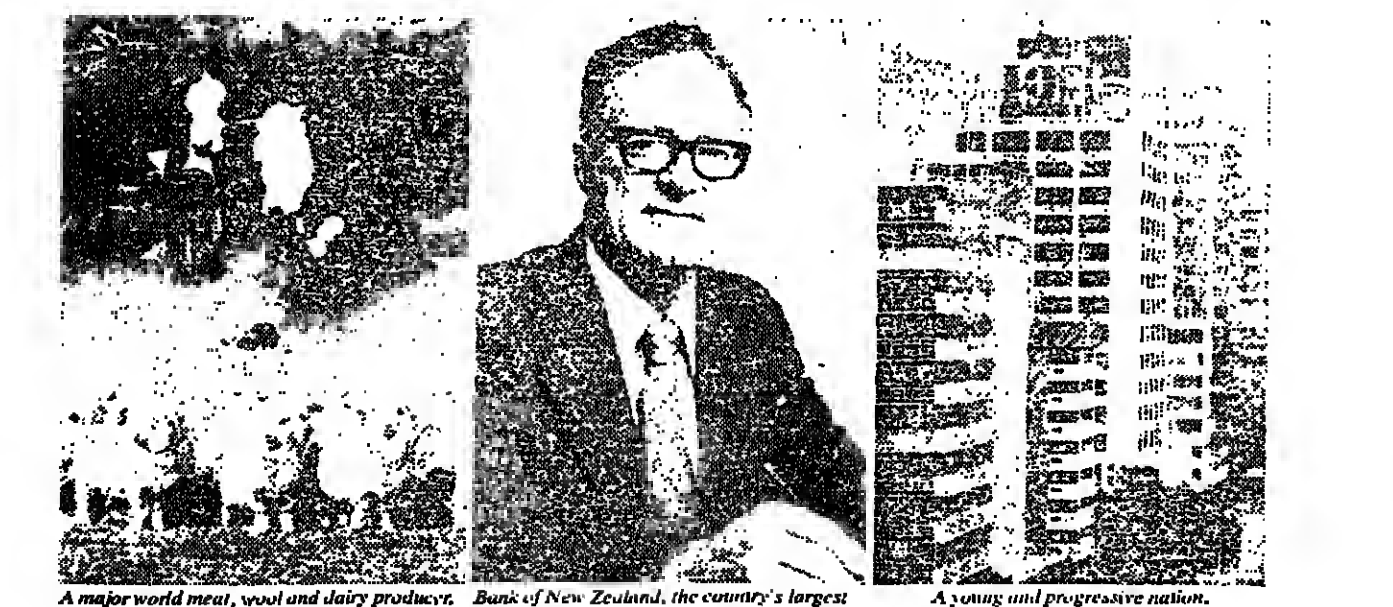
Gabriel Josepovici's thought-... making routine love in an... process often evade one, and... in *Marathon*, though the story... is simple enough, they evade me... again. The story concerns a... former track champion Marathon... runner, who in 1904 the date is... now 1912, only lost the race... because, with a commanding... lead, he tried to sprint home... Now, still a national hero, he is

## Klaus Tennstedt in London for concerts, recordings with LPO

Klaus Tennstedt, the East... German conductor, has arrived... in London for the first of his... recordings and concert engage-... ments with the London Phil-... harmonic Orchestra. Tennstedt... has been invited to appear with... the orchestra for two or three... weeks each season over the next... five years for both concerts and... recordings.

## Benson and Hedges Music Festival at Snape Maltings

The first Benson and Hedges... Music Festival (September 27 to... October 2) at Snape Maltings has... proved a powerful attraction... Two concerts are already sold... out: the Schuller/Lehndorff on... Friday September 30, and Dame... Janet Baker's shared recital with... Peter Pears on Sunday after-... noon, October 2. The opening... concert of this inaugural... festival on September 27, a... Schuller recital by Richter, has... only a handful of seats available... Other artists taking part are... the Amadeus Quartet, Sir... Clifford Curzon, Hermann Prey... Ely Ameling, Osian Ellis, Julian... Bream and Pierre Fournier.



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Following the success of its... scholarship competition for... young musicians last year Shell... and the London Symphony... Orchestra are to repeat the... exercise in 1978. This time it is... open to string players under... twenty and the first prize will... again be £3,000 plus to finance... instruction at the Guildhall... School of Music.

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Two or three years' commercial legal experience following full professional qualification is essential.



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Candidates, aged 25-35 years, should ideally be qualified Accountants, preferably ACCA. At least three years' successful cost and management accounting experience is essential...

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COMPANY NOTICES

READY MIXED CONCRETE LIMITED

7 1/2% Bonds 1987 FF80,000,000

Notice is hereby given to the Bondholders of the above loan that the amounts redeemable on 25th October, 1977, are FF2,400,000, was bought in the Market.

TOKYO SANYO ELECTRIC CO., LTD. (CDRs)

Referring to the advertisement in this paper of 3rd March 1977 the undersigned announces that the original shares from 10% free distributions have been received.

As from September 26, 1977 one new CDR Tokyo Sanyo Electric Co., Ltd. each rep. 100 shs cum div. no. 3 s.c.a. and shall be available as Kas-Associate N.V. Spuistraat 172 in Amsterdam, against delivery of 10 div. cps. no. 1 of CDRs repr. 100 shs or 1 div. cp. no. 1 of CDRs repr. 1,000 shs.

After October 31, 1977 the equivalent of the CDRs, which have not been claimed by the holders of o.v. cps. no. 1, will be sold. The proceeds after deduction of expenses, will be held in cash at the disposal of said holders.

Further, the undersigned announces that as from September 26, 1977 at Kas-Associate N.V. and Kredietbank S.A. Luxembourg, 37 Rue Notre-Dame, Luxembourg, div. cps. no. 2 of the CDRs Tokyo Sanyo Electric Co., Ltd. will be payable with US\$78 per CDR, repr. 100 shs and US\$9.30 per CDR, repr. 1,000 shs, accompanied by an Affidavit (O.v. per record date 5.11.77; gross Yen 3.000 p.a.h.) After deduction of 15 Japanese tax (10% of Yen 3.000 p.a.h.) repr. 100 shs and Yen 450 p.a.h. per CDR, repr. 1,000 shs. Without an Affidavit 20% tax (Yen 60 p.a.h.) repr. 100 shs and Yen 400 p.a.h. repr. 1,000 shs.

After 12.31.1977 the div. will be paid under deduction of 20% Japanese tax with DfL 5.38 net. repr. 100 shs and DfL 53.80 net. repr. 1,000 shs in accordance with the Japanese tax regulations.

AMSTERDAM DEPOSITORY COMPANY N.V. 13th September 1977

SPANISH 4% EXTERNAL LOAN 1974/1984

The coupons due 1st OCTOBER 1977 can be presented for PAYMENT at BANCO ESPAÑOL EN LONDRAS S.A., 50, London Wall, London EC4A 3DF, between the hours of 10.00 a.m. and 2.00 p.m.

21st September, 1977. BANCO ESPAÑOL EN LONDRAS S.A.

PERSONAL

IS YOUR HOUSE TOO LARGE? Your house can be intelligently used if you put it to the National Inventory The N.I. (Appt). One portion will be re-converted to your own use or your service income source; use for large garden, ornamental pool, etc. Other portions converted for holiday people. Please write without obligation to: The Secretary, Home The Appt Housing Agency, 32, Dover Street, London W1A 2AP.

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PUBLIC NOTICES CITY OF WESTMINSTER

London Borough Bills amounting to £100 million were issued on 20 September 1977 for maturity on 20 December 1977. Applications totalled 273; the maximum area of accepted tenders was 98.62 and 4% of the issue was allotted at this price. The average rate of discount was 5.47131%.

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LEGAL NOTICES

No. 00227 of 1977. In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of MARKET EVALUATING MANAGEMENT LIMITED and the Matter of the Companies Act, 1948. NOTICE IS HEREBY GIVEN that a Petition for the Winding-Up of the above-named company was, on the 15th day of September 1977, presented to the said Court by THE COMMISSIONERS OF CUSTOMS AND EXCISE of King's Beam House, 39-41, Mark Lane, London EC3R 7DF, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 21st day of October 1977, and any creditor or contributory of the said Company desiring to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose, and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

G. KRUKORIAN, 39-41, Mark Lane, London EC3R 7DF, Solicitor to the Petitioners. NOTE—Any person who intends to appear on the hearing of the said Petition must serve on or send by post to the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or by their Solicitor (if any), and must be served or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 20th day of October 1977.

No. 00228 of 1977. In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of MARKET EVALUATING MANAGEMENT LIMITED and the Matter of the Companies Act, 1948. NOTICE IS HEREBY GIVEN that a Petition for the Winding-Up of the above-named company was, on the 15th day of September 1977, presented to the said Court by THE COMMISSIONERS OF CUSTOMS AND EXCISE of King's Beam House, 39-41, Mark Lane, London EC3R 7DF, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 21st day of October 1977, and any creditor or contributory of the said Company desiring to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose, and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

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No. 00230 of 1977. In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of MARKET EVALUATING MANAGEMENT LIMITED and the Matter of the Companies Act, 1948. NOTICE IS HEREBY GIVEN that a Petition for the Winding-Up of the above-named company was, on the 15th day of September 1977, presented to the said Court by THE COMMISSIONERS OF CUSTOMS AND EXCISE of King's Beam House, 39-41, Mark Lane, London EC3R 7DF, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 21st day of October 1977, and any creditor or contributory of the said Company desiring to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose, and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

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EUROPEAN NEWS

THE WEST GERMAN AEROSPACE INDUSTRY

Air crisis sucks in the Government

BY ADRIAN DICKS IN BONN



The VFW 614... glowing reports but few sales.

LIKE THE British and the French before it, the West German government is now facing the problematic task of reorganising a prestige-winning complex and highly sensitive aerospace industry.

In the next few weeks, Bonn is likely to have to take key decisions on the industry's size, where and how its resources should be concentrated, and what it should be doing. And the Federal government and several of the federal states worried by unemployment will have to decide whether to follow the example of almost every foreign government that has run into the same dilemma, and provide large sums of public money to keep the industry going.

The German aerospace industry's present difficulties have been becoming apparent for several years. In December 1974, the Social Democratic-Free Democratic coalition cabinet appointed Herr Martin Gruener, the State Secretary at the Economics Ministry, to act as the industry's "co-ordinator". Since then he has been trying to help crystallise a series of voluntary mergers and measures of rationalisation that would reduce excess capacity, yet leave West Germany in a position to hold a place in future European aerospace co-operation.

A week ago, Herr Gruener explained his role clearly in a speech in Berlin, in which he said the Government had no interest in long-term shareholdings in the industry. That would speak of the dirigisme which the Economics Ministry thinks has served Britain and France so ill. The Government was ready, he said, "to provide sensible assistance to companies to avoid sudden and violent developments". The longer-term aim must be to strengthen the industry so it could fulfil its own potential most effectively.

Recent developments at VFW-Fokker may force the Government to intervene more directly. Ever since the merger of the Dutch-Fokker group and the Krupp-owned Vereinigte Flugtechnische Werke in 1963 (halled at the time as a pioneering cross-frontier merger), there have

been repeated reports of imminent divorce. Earlier this summer, a very senior member of the German operating company at Bremen admitted privately that "a lot of things that we hoped would result from this merger have never happened"—though he insisted that problems of corporate structure, rather than rivalry between Germany and Holland, were to blame.

Both factors, however, have played a part. The group's structural difficulties have been widely attributed to the fact that major projects have remained divided, with the Dutch factories working on the highly successful Fokker F-27 and the increasingly successful F-28 airliner, while the North German plants have to rely on the VFW 614 and on contributing to the European A-300 Airbus. The German side of the group has been the main sufferer within the West German industry from the recent tailing off in Luftwaffe orders.

This picture is however oversimplified. A look at VFW-Fokker's production programme reveals that parts production has been shared out among its plants in the two countries for all four civil projects and for the F-104-G fighter. Yet resentment at

the supposedly Dutch bias of the management has been the reason. It has to be shut, and its hinterland in Lower Saxony, it has focused on the alleged failure of the central management in Amsterdam—where the sales director, Mr. Alan Buler, is an Englishman.

But what the project has most conspicuously lacked so far has been an adequate market. The VFW 614 is a short-range, 44-seater jet intended to replace prop airliners on secondary and feeder routes. It has received glowing technical reviews and, according to VFW-Fokker officials, remains without any direct rival in the world.

Yet the uncomfortable fact is that it is inevitable. He suggested that the company's own preferred solution is to go it alone, with German ministers. How far Bonn will push the company has been able to continue with long-term loans for numbers 33-44 with the help of funds from Bonn voted by the cabinet in late March. Yet it does not seem likely that VFW-Fokker can continue very much longer.

with the VFW 614 on its own resources. If it has to be shut, up to 5,000 jobs are likely to be lost. It is at this point that, in addition to the sense of grievance against the Dutch, North German politicians and trade unionists want to see some sense of balance restored within the West German industry. That would mean either greater work-sharing between north and south or, more likely, a merger between the German side of VFW-Fokker and MBW.

Despite the present sense of crisis, however, it cannot yet be assumed that this is going to take place. Herr Bernd Kosegarten, the new managing director of the VFW-Fokker-German operating company, yesterday said it is inevitable. He suggested that the company's own preferred solution is to go it alone, with German ministers. How far Bonn will push the company has been able to continue with long-term loans for numbers 33-44 with the help of funds from Bonn voted by the cabinet in late March. Yet it does not seem likely that VFW-Fokker can continue very much longer.

he does.

Russians developing three new aircraft

By Michael Dome, Defence Correspondent

THE SOVIET Union is hoped to be developing three new military aircraft: a fighter, a low-level bomber, and a supersonic aircraft, according to the official journal, International Defence Review.

The fighter is reported as designated the MiG-29, which has been the mainstay of Soviet fighter force for years, and to complement MiG-25 Foxbat aircraft.

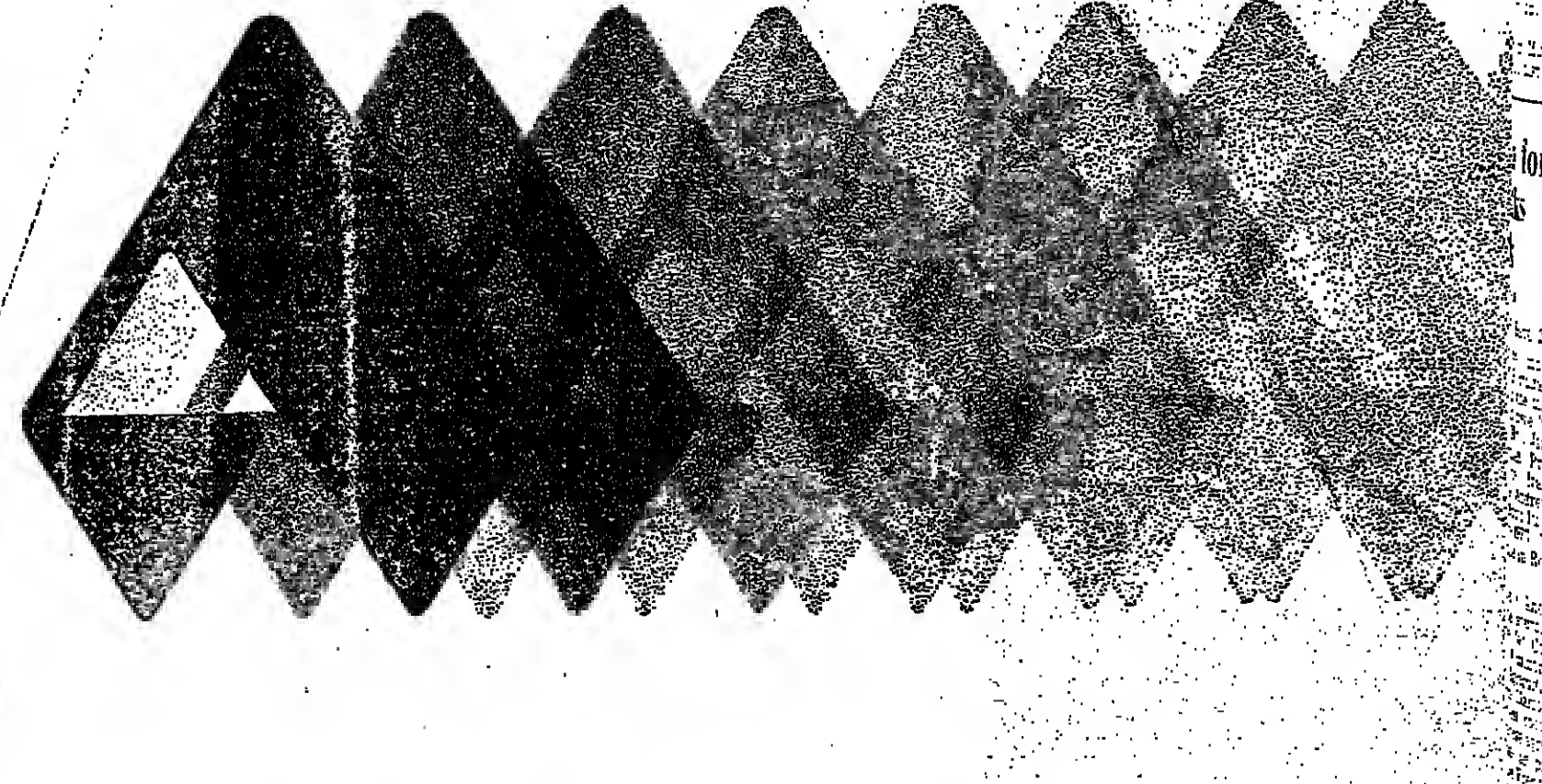
The low-level anti-tank air-support aircraft is planned to be the Soviet equivalent of the U.S. Fairchild A-19 under development for U.S. Air Force. The supersonic bomber believed to be a modification of the Tu-224 civil supersonic airliner, which has been under development for as long as the Concorde, which has not yet entered passenger-carrying service.

International Defence Review does not disclose sources for its report, but says they are "U.S. based". It says the three aircraft are in the prototype development trials phase.

French house starts

The number of housing starts in France fell 4 per cent to 242,608 in the first quarter year compared with the quarter in 1976. The Ministry said, Reuters from Paris, in the first quarter of 1977, the number of building starts fell 17 per cent to 238,900 compared with a half of last year.

The programme, then, included the building of 1,000 new houses in 1977. The second-class houses cost 170,000 francs.



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Barclays is the Abecor Bank in Britain.





EUROPEAN NEWS

Foreign Ministers agree EEC code on S. Africa.

BY DE JONQUIERES, COMMON MARKET CORRESPONDENT

BRUSSELS, Sept. 20.

Foreign Ministers today agreed a voluntary code of conduct for the South African companies to provide employment for their Black workers...

Not only did the EEC code cover areas of employment policy besides wages, but it was likely to be more effective because employers subject to it were less likely to feel that they were being placed at a disadvantage vis-a-vis other EEC companies...

Main's application welcomed

BY OUR OWN CORRESPONDENT

BRUSSELS, Sept. 20.

Ministers of the Nine formally welcomed the application to join the Community by Spain...

Some reservations about the agricultural consequences of enlarging the Community, also pointed to the likelihood that Spain's future membership negotiations would not be easy...

Irish worry on incentives

BY OUR OWN CORRESPONDENT

DUBLIN, Sept. 20.

The Irish Minister for Industry and Commerce is flying to Brussels tonight for urgent talks to try to halt or amend an EEC package of industrial incentives...

THE IRISH Minister for Industry and Commerce is flying to Brussels tonight for urgent talks to try to halt or amend an EEC package of industrial incentives...

Aghan for talks week

By J. Coyle

Rome, Sept. 20. Agreement to include Spain and Portugal is the main topic of discussion...

Fatal bomb explosion at Barcelona magazine office

By DIANA SMITH

MADRID, Sept. 20.

ONE PERSON was killed, two seriously injured and ten less gravely hurt when a bomb exploded this morning in the Barcelona headquarters of the satirical weekly magazine El Papsu.

Two months earlier this year government order. This afternoon, in the Cortes, Sr. Marcelino Oreja, the Foreign Minister, is defending Spanish policy in the face of a storm of criticism from the opposition.

Turkey deficit reaches record

BY OUR OWN CORRESPONDENT

ANKARA, Sept. 20.

TURKEY'S current account deficit in the first seven months of this year totalled a record \$2,400m, 50 per cent higher than during the same period in 1976.

Exports in the first seven months of 1977 totalled \$888m, 23.9 per cent down on the 1976 figures while imports rose by 16.6 per cent to \$3,389m.

Dutch tax rise shelved, stimulus planned

By Michael van Os

THE HAGUE, Sept. 20.

A TARGET of maintaining average real incomes stable, the shelving of a planned tax increase, and a stimulus of around Fls.1.5-2bn. (€350-445m.) for the economy in the near future are envisaged in the Dutch Government's 1978 budget proposals...

The cut will be partially offset by increased taxes on energy and cigarettes, which also have 'other than budgetary' reasons, and should bring in Fls.775m.

Surplus on the current account should rise sharply to Fls.6bn. in 1978, from Fls.3.5bn. this year. Unemployment stands to rise to an average of 5.9 per cent, from 5.5 per cent. Real GNP will again be 3 per cent.

The budget proposals show expenditure rising to Fls.96.2bn. from the Fls.86.6bn. in this year's draft budget, while revenues should rise to Fls.83.7bn. from Fls.72bn.

Soviet Union tests wide body jetliner

By David Satter

MOSCOW, Sept. 20.

THE 350-passenger Soviet Il-86 jetliner is expected to be a future mainstay of Soviet domestic air travel...

Portugal mutiny

By David Satter

Lisbon, Sept. 20. Mutineers holding an unknown number of guards and prisoners as hostages at a prison outside Oporto...

East does well by Helsinki agreement

By J. Coyle

has in general performed reasonably well in the provisions of Helsinki Agreement...

On the Eastern side, a large number of cases of abuses of the rights of individuals and of religious and national groups have been well documented.

Business lacking sting?

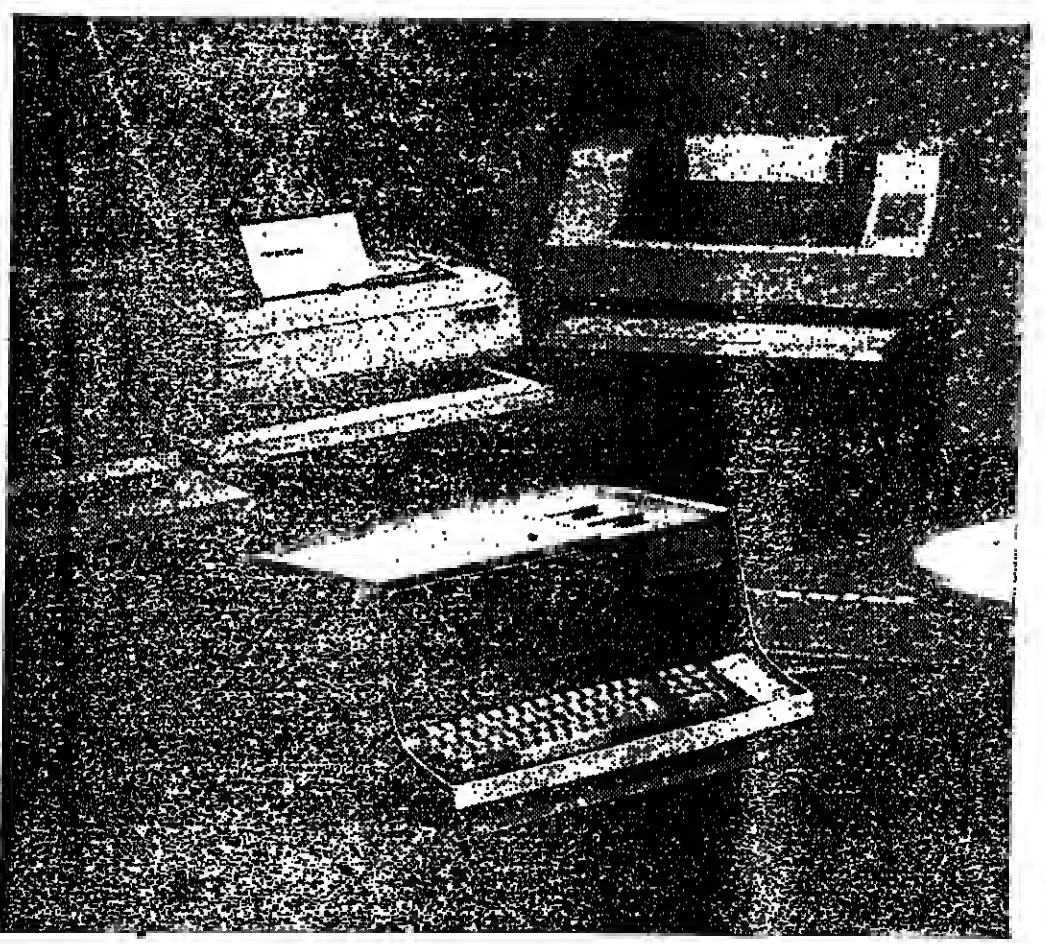


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OVERSEAS NEWS

Court challenges military rulers over Bhutto arrest

IMON HENDERSON

challenge to the martial law... Court decided today... Bhutto is held in Karachi... military rulers over Bhutto arrest

Somalis 'ready for talks on cease-fire'

ROME, Sept. 20.

SOMALI guerrillas fight... Ethiopia troops for control... Somalis 'ready for talks on cease-fire'

FOREIGNERS IN KENYA

Indispensability in question

BY JOHN WORRALL IN NAIROBI

"DOES KENYA need over the board... The Federation of Employers... indispensability in question

Pakistan output still stagnant

ALVID HOUSEGO

PROLONGED political... Pakistan output still stagnant... agricultural output virtually stagnant

Zambia curfew ends

BY OUR OWN CORRESPONDENT

LUSAKA, Sept. 20.

PRESIDENT Kenneth Kaunda... Zambia curfew ends... introduction have not yet been removed

Uganda sects banned

BY JOHN WORRALL

NAIROBI, Sept. 20.

PRESIDENT Idi Amin... Uganda sects banned... Bahaai faith, the Uganda Baptist Mission and a number of small African evangelical sects

Calls for Australia capital loss measures

By Kenneth Randall

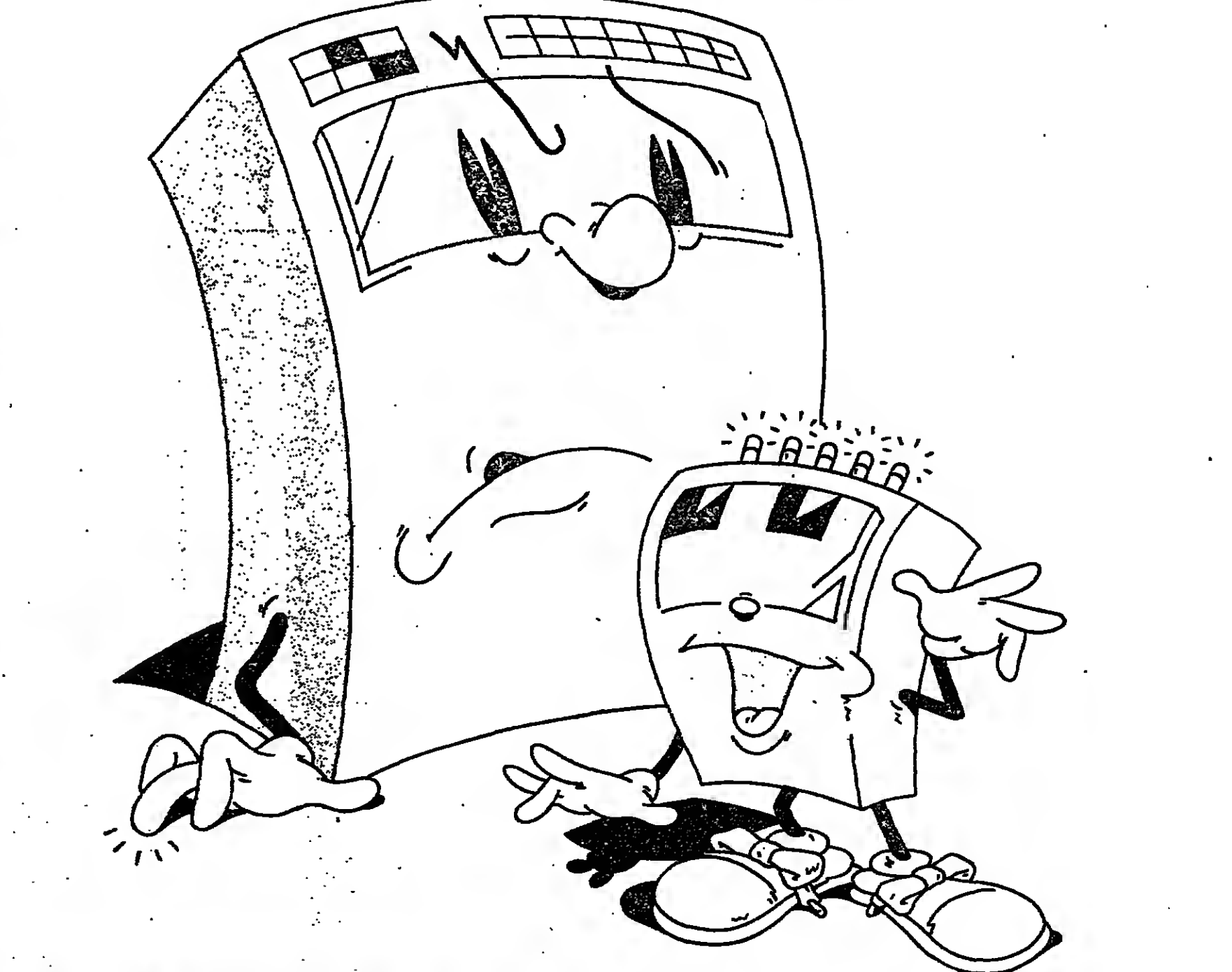
CANBERRA, Sept. 20.

THE continuing flight of capital from Australia... Calls for Australia capital loss measures

France-Iran nuclear deal delayed

TEHERAN, Sept. 20.

FRESH financing problems... France-Iran nuclear deal delayed



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ON OTHER PAGES International Company News... W. German tyre merger ... 25/26

Making business life more business-like. NCR Computers & Terminals



WORLD TRADE NEWS

Japan announces moves to raise level of imports

BY CHARLES SMITH

TOKYO, Sept. 20.

A SERIES of import promotion measures, including plans for oil and non-ferrous metals stockpiling, were announced today by the Government as a follow-up to the severe point economic package released earlier this month.

Other administrative measures include the despatch of import missions overseas and the provision of exhibition space for displays of imported products.

Measures to "adjust" the balance of payments surplus which are not directly related to imports include: enlarging the size of government-issued bonds issued by foreign borrowers and speeding up foreign aid flows.

ECGD to back order for Hawker

The Export Credits Guarantee Department has guaranteed the guarantee of repayment and funding for a \$2.2m. loan which Citicorp International Bank, acting on behalf of Citibank N.A., has made available to La Societe Nationale Industrielle et Miniere (SNTMI) of Mauritania.

The loan will help finance a \$4.4m. contract awarded by SNTMI to Hawker Siddeley Power Engineering for the supply, installation and commissioning of power equipment.

U.S.-Japan venture

Pioneer Electronic will establish a joint venture with MCA of the United States in Japan to produce video disc players. The venture, to be called Universal Pioneer Corporation, will be capitalised at 25m yen which will be shared equally, and will produce 1,000 wide-disc players a month for shipment to the U.S.

Chocolate exports

Swiss chocolate exports reached a record value of Sw.Frs.50.8m. during the first half of 1977, compared with Sw.Frs.38m. for the corresponding period of last year. This 30 per cent increase led to an overall rise of 18 per cent in the industry's sales for the six-month period, domestic turnover having hardly increased over 1976 levels, writes our Zurich correspondent.

Informing the Swiss

A series of "information days" is to be held in Switzerland early next month by the North-West Industrial Development Association to give on-the-spot advice and assistance to Swiss industrialists considering direct investment or joint-venture openings in north-western Europe.

Tractors for Algeria

Kloekner - Humboldt - Deutz said in Cologne it had received an order from Algeria for 3,650 tractors to be delivered over a period of several years beginning this month. A.P.D.J. reports, industry sources said the contract value probably is below DM300m.

\$72m. Korea deal

United Technologies Power Systems Division has received a \$72m. order from Korea Electric Power Corp. for gas turbine powered electric generating stations. The largest station, to be sited at Ulsan, is a 340-megawatt combined cycle unit. Its companion is a 60-megawatt plant located at Bopyong. The contract calls for installation of 10 of the U.S. company's FT4 gas turbines, the company reports.

Champagne in U.K.

BRITAIN continues to drink more champagne. Imports in the first six months of this year were 3,345,548 bottles, an increase of 51 per cent over the same period of 1976 (2,220,901 bottles), according to figures issued yesterday by the Comité Interprofessionnel du Vin de Champagne. This retains the U.K. position as France's number one customer.

HOME NEWS

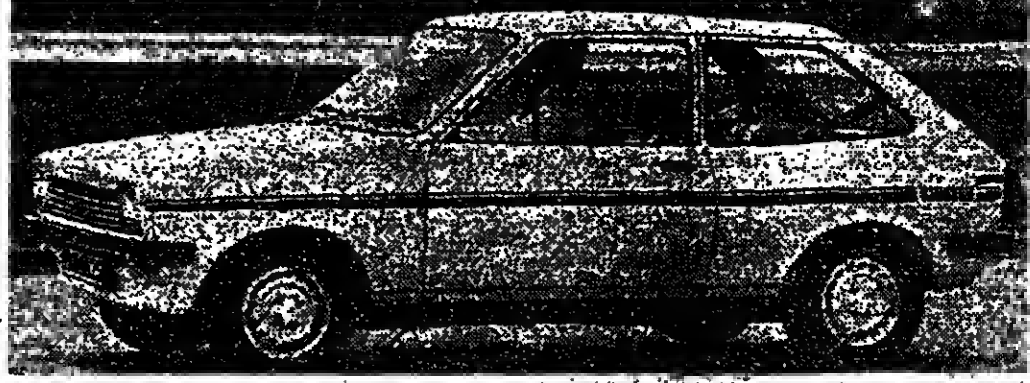
Hauliers probe 140% truck price rises

FINANCIAL TIMES REPORTER

AN INQUIRY into the large price rises of commercial vehicles in the last few years has been launched by the haulage industry, one of the largest groups of customers.

The Road Haulage Association, the trade association for commercial vehicle user operators, has told both domestic manufacturers and importers that it considers prices increase over the past five years to have been way beyond that justified by the general rate of inflation.

During the period January 1976 to January 1977 the prices of some of the larger vehicles increased by 35 per cent, and it appears to have become the practice among manufacturers of commercial vehicles to increase prices at quarterly intervals.



A MORE powerful model of Ford's Fiesta 1300cc car is now in production at Dagenham. Prices for the two new versions joining the Fiesta range, on sale to-day, are: £2,444.16 for the Fiesta 1300S (above) including car tax and VAT; and £2,212.77 for the Fiesta 1300 Gha, also including car tax and VAT.

The engine of the Fiesta 1300 is based on the 1300 Kent unit fitted to the Escort Sport and Ghia, modified to suit the Fiesta's transverse installation.

There was growing concern at the worsening financial position of the industry as a result of recent increases in commercial vehicle road taxes, the cost of fuel and the continuing rise in the prices of goods and services needed by the industry.

High tax 'driving manager to jobs abroad'

By John Lloyd, Industrial Sec

BRITISH MANAGEMENT is overtaxed, underpaid, and increasingly prone to emigrate, says Mr. John Methven, Director General of the Confederation of British Industry, told the 50 of London Chartered Accountants yesterday.

Mr. Methven said: "The expected multinational companies are particularly relevant. Many that they have little difficulty in persuading executives abroad, his considerable ability in bringing them to this country."

New Yo return for £100 planned

By Michael Donno, Aerospace Correspondent

MR. REG PYCROFT, managing director of the low-cost operator, yesterday came to offer a tranche of £100 million in the region of £10 million from April 1.

Preston's I is given 2-year rep

THE PORT of Preston (losing nearly £1) could make a trading profit within five years, according to a study by the experts.

The experts have been getting the viability of the local council's plan to build a new port as an unburdened port since the Conservative Government's election.

Teachers condemn new powers

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

TEACHERS' UNIONS yesterday condemned official proposals that school governors be given increased powers over the content and methods of teaching and appointment of classroom staff.

The proposals, made after a two-year study by the Taylor Committee of Inquiry into the management and government of schools, would give teachers equal representation on local governing bodies and community representatives on the governing body of each of the 19,000 county schools in England and Wales.

Refinery for Wales confirmed

By Ray Dafer, Energy Correspondent

TEXACO and Gulf Oil confirmed yesterday that they had chosen the Italian engineering group SNAI Progetti to undertake the main contract for a £250m. oil refinery project in South Wales.

The two oil groups said that they had signed a letter of intent with SNAI Progetti's U.S. subsidiary to proceed with the initial engineering design for the proposed construction of a jointly-owned 63,000 barrels a day refinery unit.

The project, one of the most ambitious of its kind undertaken in Europe, involves the construction of a catalytic cracking unit and related facilities. The plant is due to be built in the Pembroke-Hilford Haven area, next to the Texaco and Gulf refineries.

The contract, which is the subject of a letter of intent, was strongly contested by U.K. engineering groups. A statement from Texaco and Gulf said that British constructors would still supervise a major part of the job.

The oil companies are still awaiting planning and other governmental approval. It is expected that the plant will receive considerable Government assistance under regional and accelerated investment schemes.

Imports inquiry

The Canadian Anti-Dumping Tribunal has concluded that imports of leather and plastic footwear are causing and threatening serious injury to the production in Canada of like or directly competitive goods.

U.K. moves to help East-West business

BY DAVID LASCELLES

THERE is a distinct feeling in British business that the Helsinki Final Act, which was supposed to lead to easier economic relations between East and West, has had little noticeable effect in some areas.

Western companies would also like to be told more about the viability of projects listed in the Five Year Plan.

But British business circles are also critical of the British Government's implementation of the Helsinki Final Act. Delays over granting visas for East European businessmen to enter Britain have held up negotiations. It is also felt that British representation in East Europe could do more to channel economic information back to the business community.

Whitehall itself is aware of its vulnerability on the visa question, and says that procedures will be speeded up. It has also noted criticism from East Europe that the EEC has done little to reduce trade barriers with East Europe, though it says this is a matter for the community as a whole.

West Berlin import fair

By Leslie Collett

WEST BERLIN'S annual overseas import fair opens here tomorrow. It has grown into the largest international exhibition on the display of products from developing countries.

Peru Trade

BY ROBERT DEL QUIARO, RECENTLY IN LIMA

THE Peruvian trade deficit for 1977 promises to be some 60 per cent less than last year's. Although this is being achieved by raising the value of exports of traditional raw materials such as copper, silver and coffee, the gap is also being narrowed by cutting imports. This latter development is causing concern to suppliers of plant, semi-finished goods and food products to Peru.

PERU TRADE

Deficit blamed on borrowing

BY ROBERT DEL QUIARO, RECENTLY IN LIMA

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PERU TRADE

Deficit blamed on borrowing

THE latest official figures suggest a trade deficit of about \$27m. for this year, compared with \$116m. in 1976, according to preliminary returns. This year should see an export total of about \$2bn. The deficit in the first half of 1977 was \$80m. The figures were made available last month, before the Government required that all imports, even those for which finance had been arranged, had to be refinanced for at least 150 days. That is, foreign suppliers and their sources of finance were being called on to wait six months to be paid. If the Peruvian Government should happen to claim a trade surplus for 1977, it is almost certain that

PERU TRADE

Deficit blamed on borrowing

decisions are made and kept as to which developments are to be carried out, and in what order, the better. But while urgent attempts to avoid default on foreign debt payments due in the rest of the year are being made, the country (as well as thousands of individual struggles to avert spending cuts on particular projects and times of imports, especially armaments), no one should expect a firm ordering of priorities in emerge from the multiplicity of official agencies involved. However, a few priorities may be cleaned from the current situation.

PERU TRADE

Deficit blamed on borrowing

Peru is still heavily committed to copper and other metals as its main exports, despite the depressed world copper price. Ambitious expansion plans for the production of yet more copper are going ahead and suppliers of capital equipment for this industry can be confident in general terms that their prospects in Peru will not diminish.

The war that never ends

We British are a peaceful people. When a war is over we like to consign it to the history books—and forget it. But for some the wars live on. The disabled from both World Wars and from lesser campaigns, now all too easily forgotten; the widows, the orphans and the children—for them their war lives on, every day and all day.

The Army Benevolent Fund

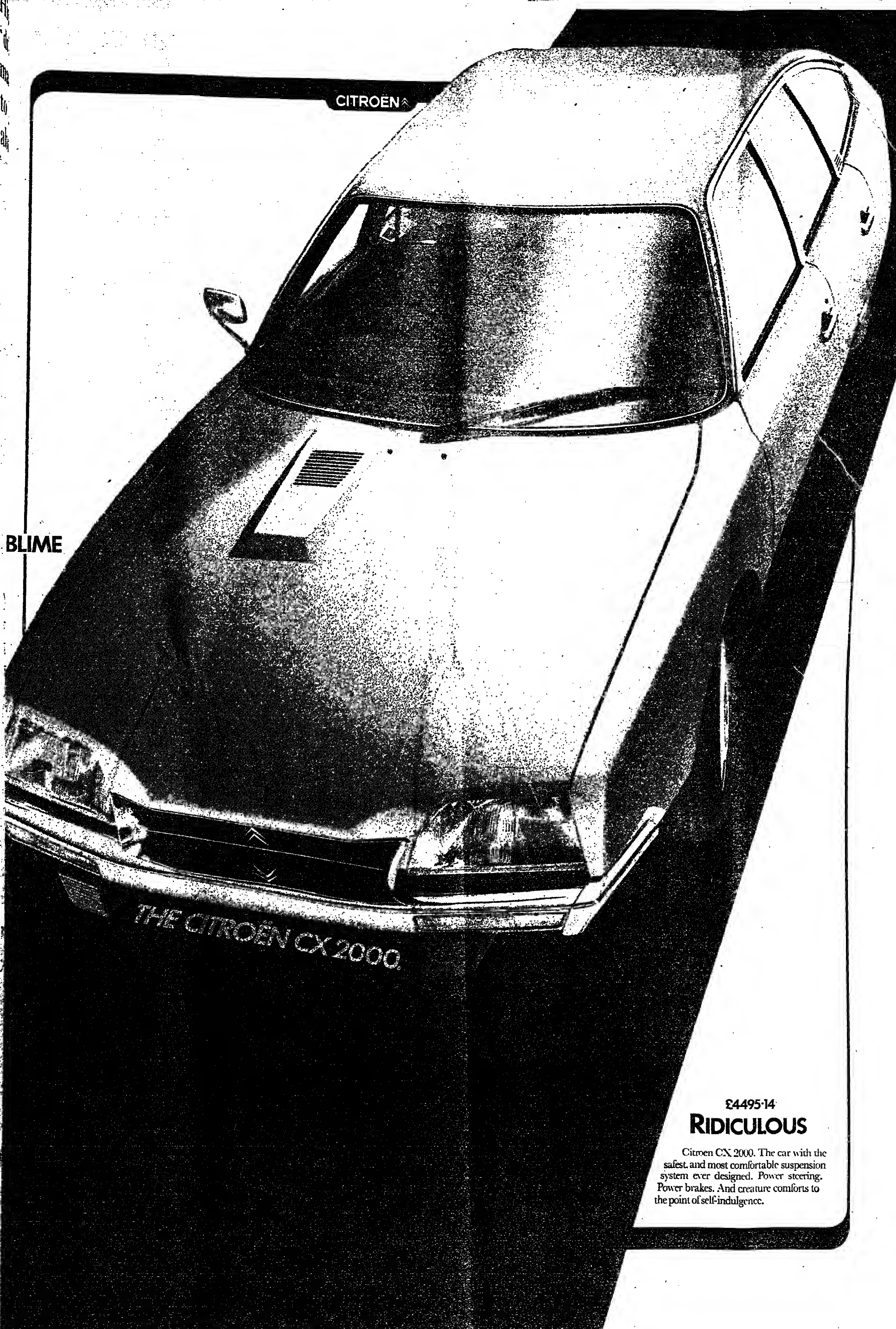
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HOME NEWS

North Sea output helps company profits recovery

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE BUILD-UP of North Sea oil output is helping to produce a sharp recovery in company profits, although this is being masked by variations in the inflation adjustment for increases in the value of stocks.

The disclosure was made yesterday by the Central Statistical Office in the figures for Gross Domestic Product in the second quarter which confirm that there was a fall in the level of economic activity during the first half of the year.

Datsun dealers seek end to import curbs

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

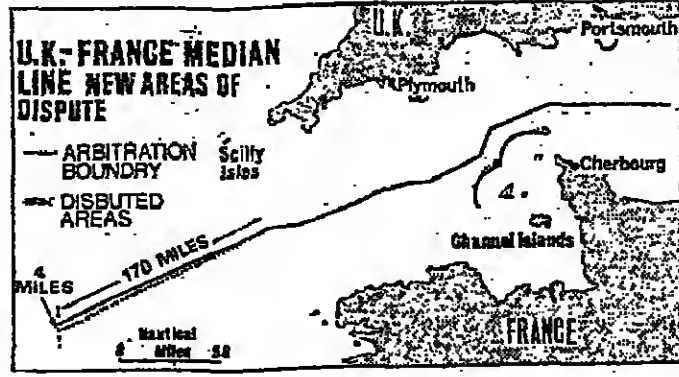
DATSUN DEALERS, who resent the voluntary restrictions on operation on Japanese car sales in Britain, yesterday formed an action committee dedicated to re-establishing normal marketing arrangements.

Formation of the committee follows a period of almost two years in which imports of Japanese cars have been restricted to about 9.5 per cent of the U.K. market.

U.K. challenges sea border with France

By RAY DAFTER.

THE GOVERNMENT is challenging the route of the U.K.-France offshore boundary line, claiming that it has robbed Britain of more than 300 square miles of possibly oil-bearing territory.



The Foreign Office says that at the most westerly point the median line is about four miles too far north.

The area in dispute is seen to be important because of geological structures in the central region of the Western Approaches.

Unionists angered by SDLP statement

By Giles Merritt in Dublin

A POLICY statement issued yesterday by Ulster's mainly Roman Catholic Social Democratic and Labour Party has provoked angry Unionist reactions in the province.

The statement puts heavy emphasis on an "Irish dimension" in which any future Ulster solution would involve the Republic and marks a significant shift away from the party's seven years of support for a power-sharing settlement.

Although the statement is not as strongly worded as had been expected - it casts for an "agreed Ireland" rather than a "united Ireland" - it has produced a spate of "Loyalist" criticisms.

The official Unionist Party has said that the move precludes any possible power-sharing arrangement.

The position now taken by the SDLP, said a party statement, "makes the idea of having them in an Executive or Cabinet unthinkable."

Government will use sanctions after 23% rise

By OUR BELFAST CORRESPONDENT

THE GOVERNMENT confirmed last night that it would impose sanctions, regardless of possible loss of jobs, on Belfast's highest engineering company because of a 23 per cent pay award to its workers.

Mr. Don Connean, Minister of State at the Northern Ireland Office, said that the Government would use its powers to bring in pay policy guidelines.

Unless it did so its applications for export credit guarantees would be refused.

Mr. Connean said that this might involve some hundreds of workers being laid off. But the Government had to take account of the overriding national interest in Northern Ireland as to the rest of the U.K.

It must come before the interest of individual firms or groups of workers.

Mr. Mackie, who made the 23 per cent award on August 1, is understood to be about to secure a firm order from Indonesia for textile machinery.

Shore firm on need to cut homes rate

By MICHAEL CASSELL, BUILDING CORRESPONDENT

THE BUILDING societies yesterday received the clearest indication yet that the Government expects a cut in the mortgage rate on Friday.

Mr. Peter Shore, Environment Secretary, said in Yorkshire last night that he believed there was now sufficient room for the societies to reduce the mortgage rate for the third time this year.

Since the mortgage rate had been cut to 10.5 per cent in July, the minimum lending rate had fallen by 2 per cent to 8 per cent. Another reduction could be contemplated without any threat to the flow of money into societies.

A good supply of cheaper mortgage money is bound to be good for house building and another reduction in the cost of home loans would boost confidence in the house building industry, Mr. Shore declared.

When building society leaders today see representatives of the Department of the Environment and the Treasury at one of their regular meetings, the question of interest rates is likely to rank high on the agenda.

Mr. Shore's comments make it perfectly clear what is expected of the societies, and the message is likely to be repeated during today's discussions.

It is known that some societies, including one or two of the largest, are not in favour of a steadily reduced.

Marathon's £28m. oil-drill rigs loan 'complete soon'

By RAY PERMAN, SCOTTISH CORRESPONDENT

THE £48m. (£28m.) LOAN covering two oil-drilling rigs being built by Marathon at Clydebank is expected by Manufacturers Hanover Trust, a U.S. bank, to be completed within two weeks.

The bank, which set up a Scottish office in Edinburgh a year ago, was called to by the British National Oil Corporation, acting as agent for the Government, in order to finance the two rigs from Marathon to save the yard from closure.

The move paid off last month when Penrod Drilling said it would buy the rig and was placing an order for a second of the same type.

Work is advanced on the first structure, and steel is being laid for the second. But Marathon will need further orders before spring if continually of work is to be maintained.

It was willing to bear the whole of the loan itself. Any of the three Scottish clearing banks would probably have offset some of the loan by syndication.

Preliminary agreement for the contract had to be given within a week because of a time limit set by Marathon for order of the second rig. If this deadline had been passed the second structure would have cost £1m. more.

The deal has several unusual features. The loan, which is to be repaid by the Manufacturers Hanover.

Government, is secured entirely on the rigs and not on any other assets of Penrod.

But I understand that the bank has assurances that each of the two rigs is guaranteed a three-year charter, substantially repositing its cost, from the date of delivery.

Because of the way in which the deal was arranged there is no participation by the Export Credit Guarantee Department.

All the risk is being borne by dollars at the insistence of the Manufacturers Hanover.

General Accident goes ahead with new HQ

By RAY PERMAN, SCOTTISH CORRESPONDENT

THE BOARD of General Accident, one of the largest composite insurance companies in the U.K., which reported pre-tax profits of £15m for the first half, has decided to go ahead with a plan to build a £10m headquarters at Perth.

The company, which employs nearly 1,000 staff in Perth, has bought a 62-acre site at Pitheavlis, on the outskirts. Building is expected to begin in 1979.

When the building, planned for 1983, is ready the company will move from its present offices in the centre of Perth. It started there and has grown to a multi-national organisation in 47 countries.

Mr. Scanlon said his executive were "concerned and perturbed" at what they considered to be avoidable delays in discussions between the trade union side and General Workers in a "last attempt" to reach agreement on the specific industrial relations crisis at Leyland Cars.

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Discontent among skilled motor workers about pay differentials is also developing at Vauxhall Motors.

Attitudes

This latest squall comes a week before Mr. Jack Lynch, Irish Prime Minister, travels to London for talks on Ulster with Mr. Callaghan.

In Belfast and Dublin there are fears that attitudes on both the SDLP and Loyalist sides are hardening, with the risk of a return to widespread sectarian violence in Ulster.

Dublin's new Fianna Fail government is also a factor in the growing uncertainty.

It had been hoped that the Lynch-Callaghan meeting would give Mr. Lynch an opportunity to allay Britain's fears prompted by his party's call in 1975 for a British declaration of intent to withdraw from Ulster at some future date.

However, two factors now make it unlikely that he can be conciliatory.

Senior members of the Dublin Cabinet and Fianna Fail's rank-and-file have been angered by a claim by Dr. Conor Cruise O'Brien, former Posts and Telegraphs Minister in the recently defeated coalition government, that only a minority of all Irish men now favour reunification.

Second, Dr. O'Brien's choice of the British-Irish Association's private week-end conference in Oxford - attended by politicians and diplomats concerned with Ulster - as the place to make his assertion, has resulted in bitter acrimony.

Coupled with this is the timing of the SDLP's statement.

Its demand of immediate talks involving London, Dublin and Ulster's political parties, and harmonisation of laws and services on both sides of the border, is clearly aimed at putting new political initiatives high on next week's Downing Street agenda.

LABOUR NEWS

Bread to cost 1/2p more from Monday

By ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

BREAD, BAKED in production at the big plant bakers yesterday for the first time in ten days, is to become 1/2p a loaf dearer on Monday.

Associated British Food, the largest of the three big groups which retail customers yesterday that it intended to implement the price increase cleared by the Price Commission in July.

The bakers' dispute was partly responsible for the timing as it meant that the company needed to recover lost revenue urgently, Associated said.

Both Spillers-French and Bakers' Union were also given the Commission's go-ahead for an increase in the summer, but were prevented from implementing it by a Associated decision to keep its prices steady.

Now it seems likely that both these bakers will raise their prices on Monday, too.

In July, the Government caused the statutory ceiling at which standard loaves could be sold to be reduced from 24p to 23p.

Therefore, even though none of the bakers has been selling bread at this higher price, they are free to do so without further reference to the Government.

Associated three its competitors, to the confusion in the summer when it decided not to go ahead with the 1p increase. It said then that it had taken this decision partly because it felt it was better to raise its prices by a full 1p rather than successive rises of 1p.

Yesterday, the company said that the action of the union over the bank holiday dispute suggested the need for a price increase. The strike had proved very costly and the company could no longer afford to charge less than it was entitled to under the price controls.

Scots pit men attack NUM plan

By Our Labour Correspondent

SCOTTISH MINERS' leaders yesterday attacked the NUM plan to go on strike against the decision by National Union of Mine-workers negotiators to continue with talks on a productivity scheme in spite of decisions taken by the union's conference in July.

A delegate conference in Edinburgh carried a resolution describing the continuation of talks on incentives with the National Coal Board as a "flagrant breach" of a conference against productivity schemes.

It urged the NUM executive to proceed instead with a pay claim for new rates of up to £135 a week for (overworkers).

Mr. Bill McLean, NUM Scottish area secretary, said after the meeting that to continue talks on an incentive scheme was "a breach" of a conference resolution re-affirming an earlier national ballot vote against productivity incentives.

The employees should not be compelled to work on customary holidays.

The claim that bakers have a right to choose not to work on national holidays was regarded as a matter of principle by the union, although the dispute started largely by accident, as an escalation of a strike in a Mothers, Pride bread factory in South Wales.

According to the union there are many other matters of principle to be tackled in the industry.

Central to the union's plans are its demands for a review of large sections of its industry agreement, last revised in 1963. The principle of whether bakers have a right to refuse to work on Sundays remains on the agenda.

Leyland union talks call

By ALAN PIKE, LABOUR CORRESPONDENT

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As the AUEW leaders moved to prevent a further strike by the Leyland toolmakers, who are bargaining with the company over the threat of similar trouble flared at Vauxhall.

A meeting of 3,000 skilled men from the Latin, Dunstable and Bentley plants yesterday voted to give the company seven days' strike notice unless it made so improved offer on differentials in pay negotiations which continue on Saturday.

The company has made a general pay offer worth 9.5 per cent, and says it will maintain skilled differentials at their present level of 9 per cent.

There will be a full resumption of production at Leyland's Triumph plants in Liverpool today, but the component shortage caused by the recent Lucas strike. Production is halted at the company's Lancaster and truck factories where workers are no strike for substantial pay increases.

Farmworkers seek 50% wage rises

By OUR LABOUR STAFF

FARMERS' IN England and Wales are facing a 50 per cent claim for minimum wage rises from next January when farm-workers' annual pay deal comes due.

The claim, which is aimed at achieving a £80 minimum wage a week, compared with the present level of about £30 a week, was tabled yesterday by the 85,000-strong National Union of Agricultural and Allied Workers.

The employers are expected to answer the claim on October 27 at a meeting of the Agricultural Wages Board.

The union's special representatives are expected to demand a 10 per cent wage rise this year, based on long-standing efforts by the union to raise pay levels from the bottom of the list of workers in other industries. These hopes suffered a two-year setback with Phase I of the Government's pay restraint.

Mr. Reg Bottini, general secretary, who is expected to be labourers.

Oil platform strike 'a threat to production'

By NICK GARNETT, LABOUR STAFF

OIL COMPANIES operating in the North Sea said yesterday that the strike by engineers on which slows down one of Shell's platforms was a threat to production.

The strike, on the Dunlin 'A' platform north-east of the Shetlands, involves almost 120 men working on the completion of the platform's construction who seek recognition for a shop stewards' committee on the platform. The working in the large area is supervised by Oceanic Offshore Services, which handles poor labour relations, construction and maintenance work.

The companies say that with the North Sea as a whole in contracting services generally, which careers can be

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Handwritten signature or scribble at the bottom right.



# FINANCIAL TIMES SURVEY

Wednesday September 21 1977

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# U.S. Commodity Markets

Trading in commodity futures in the U.S. has developed into a very large industry in recent years and now has an annual turnover of hundreds of billions of dollars, representing the movement of millions of tons of produce and materials.

Incredible sight to see S. commodity futures in action. Complete bed- years to reign, with the brokers abouting, pushing in their frantic to buy or sell. The story at in one particularly session in the Chicago is, one trader had a fatal tack hut on one noticed was the crush until the session had ended. This in an apocryphal story, but v illustrates the kind of at could easily happen renzied conditions that a "normal" day's trad-

chases and sales cancelling each other before the supposed del- very date, the fact remains that commodity futures markets in the U.S. have become very big business indeed. Futures trad- ing is no longer the prerogative of those "in the trade" or professional speculators. It has spread far and wide as an alternative form of investment. This is particularly the case in recent years with investors who, disillusioned by the performance of the stock markets and having seen the value of their earnings or savings ravaged by inflation or currency devaluations, have been attracted towards raw materials, which retain their intrinsic value whatever may happen to "paper" money.

## Choice

They are offered plenty of choice. The U.S. Futures Indus- try Association lists over 70 separate markets at ten different exchanges. These range from the traditional "giants" like soybeans, corn and wheat, to big markets for live cattle, live hogs, pork bellies, sugar, silver, copper, cotton, cocoa, Maine potatoes and a whole host of others, including orange juice futures, leed broilers, plywood, eggs and propane gas. There are five gold futures contracts, and of growing importance is a new breed of "financial" instru- ments covering currencies, "Ginny Mae" mortgages,

interest rates, U.S. Treasury Bills, and long-term Treasury Bonds, with a new futures contract for 90-day commercial paper loans coming shortly. In a way the development of the highly complicated "finan-

cial" futures contracts, com- pared with the traditional agri- cultural markets, reflects the growing sophistication of the futures trading industry encouraged by the huge inflow of funds from "outside" sources. Many companies believe that the growth in the industry will mainly appear in the long-term from the new financial markets which have got off to a very good start so far. They are attracting increasing support month by month, while turnover in the traditional com- modity futures markets is tend- ing to wax and wane according to supply and demand. The trend will be for the commodi- ties tag to be dropped when describing the futures trading industry—already a rather more accurate description.

The inflow of funds both from World Trade Center building in New York, bringing together often from financial institutions

which previously would have ahunned commodity futures trading. Is bringing some- radical changes to the markets and the members using them. There is a whole new breed of important commodity trading

companies, specialists in futures trading—the Exchanges have made great efforts to keep up to date by introducing new contracts, improving communi- cation facilities and expanding their trading floor areas to accommodate the increased volume of business. Inevitably too the growth of the futures industry has also attracted the attention of the politicians, alarmed by stories of fortunes made and lost, market manipulation by powerful forces, both private and Government, as well as the usual "scandals" of the markets being used to "launder" criminal funds or transfer them abroad illegally.

The old Commodities Ex- change Authority, which basic- ally regulated only the domestic agricultural markets, was replaced in 1974 by a new all- embracing Commodity Futures Trading Commission modelled

on the Securities Exchange Commission. The new CFTC was officially set up in 1975 with the brief of protecting market users from illegal and other practices which might un- fairly distort price movements. In Chicago too—the main centre for U.S. commodity

It is aimed at regulating the markets in a proper manner before things can get out of control in what had suddenly become an enormous industry. So far the five CFTC commis- sioners have not been very popular with the futures markets. Many traders fear that they could be regulated out of busi- ness. Certainly the commis- sioners, while learning how the markets operate—and building up a large bureaucratic staff to monitor information and regu- lations—have ruffled many feathers. But it is also recognised that if the industry is to prosper in the longer term and shake off the image created by the Bunker Hunt family operations and the Maine potato market row last year, it will have to learn to live with more Government control and politi- cal interference. After all, this

business generated by the

financial markets and properly regulated commodity options, as proposed under the Commodity Futures Trading Commission pilot programme. Despite the alleged scandals, and charges of undue specula- tive influence, U.S. commodity futures remain one of the last bastions of capitalism where free market forces are allowed to operate in a relatively un- fettered manner, with the profit motive as the undisguised main influence.

## Volume

Such is the volume of busi- ness available domestically, par- ticularly in Chicago, that the outside world is often ignored in the headlong pursuit of profits. Nevertheless the U.S. grain, and other, futures markets, do have a considerable influence on world price movements and U.S. commodity traders are be- ing made increasingly aware of the growing international in- terest in raw materials, sharp- ened by the example of OPEC. So far overseas participation in the U.S. futures markets has represented only a relatively small percentage of the total turnover, partly through igno- rance of the opportunities avail- able. However with improved communications, the growth of multinational companies deal- ing and trading in commodi- ties, and the move towards international commodity agree- ments as part of a new econo- mic order, it can be expected that more international interest will be shown in the U.S. mar- kets in the years ahead.

## A very big business

By John Edwards, Commodities Editor

# E.F. Hutton's communications system gives you the fastest American commodity news and execution reports.

The early word helps catch the opportunities. And nobody gets the word to you or to the floor of the exchanges faster than E.F. Hutton. E.F. Hutton has the connections. Our private telephone lines link all of our international offices with each other and to all of the major trading centers in the United States. Our private network of data terminals operates at approximately 20 times faster than regular telexes. This exclusive network connects our European offices to one another and to the major securities and commodities exchanges in New York, Chicago, and London.

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U.S. COMMODITY MARKETS II

# International Commodity Brokers

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\*Mid-October, the London Office moves to: St. Alphage House, 2 Fore St, London EC2Y 5DA.

# CFTC leader under heavy fire

MR. WILLIAM H. BAGLEY is probably the most unpopular man in the U.S. Commodity futures industry. He is chairman of the newly established Commodity Futures Trading Commission (CFTC), which in the space of two years or so has attracted the antipathy of many of the free-enterprise-minded commodity dealers, unused and hostile to the principle and practice of Government inspired, controls and regulations. Mr. Bagley is branded as an opportunist politician, eager only to build up his power by creating an ever increasing bureaucracy whose clammy hands will eventually strangle the lifeblood out of the industry.

It is claimed that the Commission, under Mr. Bagley's direction, has already driven commodity futures business overseas, has failed to deal properly with the Maine potatoes "scandal" last year and is likely to come off worst in its battle with the Bunker Hunt family over alleged excessive holdings in the soybeans markets. The shifts and changes in the Commission's attempts to deal with commodity options are also cited as an example of the CFTC's ineptitude and inexperience of the "real" world of futures trading. Charges of unwarranted interference in the markets by the Commission have led to a general clamour for Mr. Bagley's departure, and there are strong rumours of his imminent retirement, which may or may not be wishful thinking.

Interviewed in the CFTC Washington headquarters, Mr. Bagley was cheerfully unabashed by the torrent of criticism which has poured down on him. A true politician to his fingertips—not reluctant to admit he would prefer to return to California when the opportunity arises—Mr. Bagley sees the CFTC role in much broader terms.

He claims that the Commodities Commission has made "amazing progress" achieving in two years what the Securities Exchange Commission took 20

years to do for the stock markets. So far, he adds, the CFTC had managed to drag the futures industry from the 1890s-1920s mentality into the second half of the century, but there is still some way to go before they reached the 1970s outlook.

Market "floor" traders have an inordinate "voice," he claimed. They don't recognise the markets are public institutions. The industry had not in the past had to deal with the Government, and naturally resents a regulatory umbrella organisation like the CFTC. But the industry didn't even have its own proper national trade association to represent its views to Government and organise the proper input of information; a role the Commission could play, since the industry, without the power of votes behind it, had little political clout in the Congressional jungle of Washington.

Replying to criticisms that the CFTC had driven business away from the U.S., Mr. Bagley pointed out that turnover on the futures markets had risen sharply during the two years in which the Commission had been operating; this was hardly a sign of over-regulation. He emphasized that the CFTC was not against futures trading in any way, which would effectively put it out of business. But the industry did need "straightening out" in various ways.

There were many undesirable features which still needed to be cleared up to provide the customer with the protection against fraud and other illegal practices envisaged under the Act approved by Congress in 1974 which established the Commission.

Apart from setting up information sources to find out what was happening on a regular basis, Mr. Bagley felt the CFTC should look at the whole question of how hedging is defined, the role of speculation and such developments as "managed accounts" where unscrupulous companies could switch profits around just to keep the accounts going and commissions coming in.

They would also possibly be able to help the industry in its battle with the Government over "tax" straddles in providing impartial evidence that there was an element of risk in these kind of transactions and, therefore, were properly allowable for tax concessions.

On a wider scale, Mr. Bagley said there was concern at the possible manipulation of market prices either by foreign governments or by private speculators. The Bunker Hunt family case in soybeans earlier this year was an example of the Commission's function in this area, he claimed. They were also investigating possible distortions of the coffee market in New York as a result of "support" buying on a large scale by producer interests. The desirability or otherwise of limits restricting the daily price movements—which has shifted business from the U.S. markets was also being researched, Mr. Bagley said there had been no change of attitude to the CFTC by the Carter Administration, even though it had been set up by the Republicans.

If anything it was receiving more White House interest in view of the greater attention being paid to the moves for an international commodity agreements as part of global and domestic economic policies.

He did not support the rumours that the CFTC might be merged with other regulatory financial authorities, like the

SEC, to avoid overlapping and expensive rivalry between bureaucratic agencies. Agricultural committees in Congress would fight to keep some jurisdiction under their control. On his own position, Mr. Bagley said, he did not expect a five-year stay; he might remain for a further year, possibly longer, but he was anxious to get on with his work.

Whether Mr. Bagley goes or stays, it is obvious that the important role to play in regulating the U.S. futures markets was set up, partly in response to public fears of artificially inflated prices at a time when the Government was fighting to keep down the prices. But also taken into account was the huge growth of interest in futures trading that surprised the swindlers seeking a "fast buck" or a criminal element using the illegally acquired funds to be turned into "respectable" investments, either domestically or abroad, through the commodity markets. With knowledge of the commodity markets still fairly limited, the opportunities for defrauding a gullible public are considerable. This was almost acceptable while trading was confined to a specialist minority, but became a major problem when the industry greatly increased its attraction and when the rise in raw material prices started burbling the voting public.

Under the 1974 Act, the CFTC has been given wide-ranging powers to carry out its main brief—in its own words—"to protect the pricing and hedging (risk shifting) functions of the commodity futures markets." It has three main divisions: research and education, training and markets, and enforcement. The staff has grown from 28 in 1975 to an estimated 493 this year. But a major setback recently was the refusal of Congress to increase the Budget allocated from \$11,483,000 spent in 1976 to an estimated \$11,615,000 this year.

Mr. Bagley claimed that the extra money was needed for more staff required to deal with the control of commodity option trading. He claimed this was a small part of the Commission's brief as outlined by Congress, but had subsequently taken up an inordinate amount of their resources. Options, according to Mr. Bagley, are "a test on the body of the industry often sold by operators who lie by day and fly by night."

However, his threats to ban the trading of commodity options completely—as a short-term means of regulation—has not been defeated by his fellow Commissioners and the proposed three-year pilot programme for re-introducing controlled options trading on the commodity exchanges is to go ahead although it may be deferred for some time yet. It is felt that the regulated trading of options, with official public advice, will be just as effective in stopping some of the existing option swindles, where the buyer is often misled a no-risk investment or charged excessively high premiums. Since option trading in the U.S. markets has been banned in recent years, following some previous scandals, the introduction of new commodities in bringing newness to the markets on the long delay introduction could be in the industry's attitude. If like the benevolent attitude in production of new commodities, stricter regulations are likely to be imposed years ahead, could it be that the kind of changes envisaged by the futures markets is still to free wheeling and a dangerous precedent to how

Nevertheless it seems certain that the main commodity futures exchanges in Chicago and New York eventually launch option contracts, allocated to the CFTC, for international traded commodities—silver, gold, coffee and amongst others. Options in the previously domestic agricultural market will not be introduced, since it would special legislation in order to permit it.

The success of other option pilot programmes despite the long delay introduction could be in the industry's attitude. If like the benevolent attitude in production of new commodities, stricter regulations are likely to be imposed years ahead, could it be that the kind of changes envisaged by the futures markets is still to free wheeling and a dangerous precedent to how

But as with its other regulatory efforts, the CFTC has met some strong opposition to its proposed options programme. London markets were particularly incensed that they should be required to be "recognised" by the CFTC, since it would be a dangerous precedent to how

exchanges represent their hope is that in the future they will tend to merge powerful unit, with able resources for expansion. There is a strange if commodities traded, 22,500 square foot trade split up so that each occupies roughly 25 Dealers who are in several, or all four can theoretically trading in gold and Maine potatoes, frozen boneless beef, juice futures, as well-established cotton and (three horse) markets. On the way fill up with propellant stop at the petrol pump (to be relaunched) pay in U.S. silver platinum and palladium. Members of the different coloured badges show they are entitled to it. It is likely in an interchange of ideas and action in one quarter especially on dealing with subjects of common interest. It is changes so as not to be secret that despite the independence of each of the four

liquidity of all the

CONTINUED ON NEXT PAGE

# THE ABC'S OF COMMODITIES

PART 1 of a series published as a public service by the New York Mercantile Exchange.

To the uninitiated, commodity futures can be bewildering, yet tantalizing. We've all heard stories about the friend of a friend who made a "killing" in futures. Or who lost a fortune. Or who forgot to sell and suddenly found himself the exasperated owner of a carload of something he didn't really want.

The fiction is stranger than the truth. In fact, there are thousands of daily traders—and their numbers are mushrooming—seeking speculative profits and assuming the risks associated with the wide and rapid movement of commodity prices.

This primer is not meant for those traders. Rather, it is for the investor who wants to understand the "whats" and "whys" and "hows" of commodity futures.

Let's start with some definitions.

## WHAT IS A COMMODITY?

A commodity is a product... sometimes a natural or agricultural product such as Maine potatoes, and sometimes manufactured, such as a one kilo bar of gold. But the product should have certain special characteristics. The product must be easily divisible into standard units. And any one standard unit should be virtually identical to any other standard unit. Of little or no importance to buyers are the origin or brand identification of the product. However, there should be a broad spectrum of both suppliers and users of the product.

## WHAT IS A COMMODITY FUTURES CONTRACT?

The commodity futures contract is a standard agreement to buy and receive—or to sell and deliver—a stated quantity of a commodity, at a definite future date, at a specified price. The contract is designed by an organized commodity exchange in accordance with its

rules and clearly specifies the terms of the agreement.

## WHAT IS A COMMODITY EXCHANGE?

The exchange is a financial institution federally licensed by The Commodity Futures Trading Commission to provide an open, fair and orderly marketplace where commodity futures contracts are traded daily. Trading is conducted on the trading floor around rings or pits by "open outcry." Brokers and their clerks on the floor of an exchange receive orders via phone or teletype either directly from customers or indirectly via brokerage firms who are exchange members. Prices generated by brokers executing these orders on exchanges are instantaneously disseminated worldwide by the media.

## WHY ARE COMMODITY FUTURES CONTRACTS TRADED?

The answer to this question depends on who you are. If you produce, process or market the actual physical commodities, you are probably interested in futures contracts for the protection they may offer against harmful price fluctuations. On the other hand, if you are a speculator willing to accept substantial risks in return for substantial profit potentials, you may be interested in futures contracts especially in view of the high degree of "leverage" that a 5% or 10% margin makes possible.

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U.S. COMMODITY MARKETS III

Chicago still leads the way

At the beginning there was the Chicago Board of Trade, the oldest and most important commodity futures market of the world. Last year the Board alone accounted for over 50 per cent of the futures trading volume, in equalling a staggering 822,000 contracts out of the \$820bn.

It is the grand-daddy of all futures markets, founded in 1847 by Chicago businessmen. A visitor to Chicago with the greatest interest in commodities, a visit to the Board of Trade at the La Salle Jackson Building is a must. One of the most astonishing sights in the world as the traders jostle and fight each other in the pits. But although the bubbling is a chaotic mechanism that the world prices for corn (maize) and soyabean and oil, as well as in a range of other

commodities, the Board has commissioned a firm of expert advisers to study the market and to suggest improvements. After an extensive study, it is claimed, the experts said there was nothing that could be done to improve the market, which is apparently a well-established mechanism over the past 130 years.

But in recent years the Board of Trade has diversified with some success into other areas, notably silver where its market is challenging the New York for world supremacy. It has also launched the so-called "financial instrument" markets. The Glinnie May (mortgage interest rates) contract has proved to be a tremendous attraction, clocking up regular increases in turnover activity and encouraging the Board of Trade to expand its trading area to include new markets for and commercial paper long futures.

While the Board of Trade is still acknowledged as the biggest trading centre, there is no doubt as to its competitiveness as the futures markets have boomed. Speculators are largely responsible for the boom in trading, but there is

the Chicago Mercantile also has a long tradition, with a grain trade in setting up the Butter and Egg Board, being formed in 1874 before becoming the Mercantile in 1919. In the shadow of its big brother, the Board of Trade, the Mercantile did not really come into its own until 1961 with the introduction of the pork bellies contract that at one stage was the most actively traded commodity futures market in the world. Since then it has scored another triumph with the first



The main trading floor at the Chicago Board of Trade

successful futures contract for live cattle in 1964 followed by live hogs in 1966. These remain the big volume markets. But the Mercantile has continued to show considerable enterprise taking in the Associate Mercantile Market containing several domestic agricultural futures contracts and, more important, the International Monetary Market incorporating a whole series of metal and monetary markets.

Much against expectations the Mercantile gold futures market established itself as the most active of the many formed, and it has also achieved considerable success with its new Treasury Bill futures contract. During the first half of 1977 the Mercantile traded a record volume of 3,910,327 contracts.

The success of individual Mercantile markets varies considerably according to developments affecting the many contracts traded ranging from frozen turkeys and a host of farm products, to the financial markets including a range of the leading currencies, which provide an alternative to the foreign exchange markets. But

the launching of new markets, and the lively innovative approach adopted by the Mercantile means that it is no longer simply a shadow of the Board of Trade so much so that ambitious plans for a \$6m. expansion of the already well equipped and modern trading floor is being planned for completion next year.

Also emerging from the shadows is another little heard of Chicago futures trading centre, the MidAmerica Commodity Exchange. Its attraction is offering "mini contracts in big markets." The lots traded are much smaller than the same commodities traded on the Board of Trade and the Mercantile, thus offering greater opportunities for hedging for the small farmers and less adventurous speculators.

It claims to be currently the fastest growing commodity exchange, and is more than tolerated by its bigger brothers since it provides a very useful training ground for traders, and speculators, moving on to higher things.

J.E.

New York

CONTINUED FROM PREVIOUS PAGE

the benefit of both trade and to upset their existing users and customers.

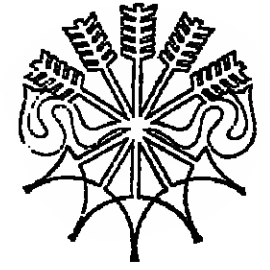
The stage is set for expansion, and the sharing of common facilities such as a joint clearing house association that could bring big cost savings in the future. But for some members it is enough for now to have achieved the major step of moving into the bright new complex that has transformed the image and trading potential of the New York commodity exchanges.

The traders themselves have not changed, and members of the different exchanges have varied experience and expertise. It is, for example, difficult for someone used to trading domestic-oriented markets, like Maine potatoes, cotton and orange juice futures, to switch happily to international markets like copper and silver, even though the bulk of business does come from domestic sources. Some of the markets are widely used by the trade, while others are much more speculatively dominated, and this is reflected in the differing attitudes of the exchanges. The past image of some of the exchanges at least has been none too good, with allegations of lack of properly enforced regulations, and the Maine potato market "scaandal" last year involving huge sums of money threatened the industry's credibility. It is hoped that one effect of the merger into one new complex will be to restore the reputation of the exchanges overall by bringing in more effective policing of market activities and rules. Once a sound base is established the CEC can then go on to challenge the Chicago exchanges, using to best advantage the mixture of international and domestic trading experience provided by the four exchanges.

J.E.

J.E.

مكثانن الأصيل



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agricultural and other industries do their job. Increasingly, a major factor in improving efficiency has been effective use of futures markets such as the Chicago Mercantile Exchange.

Futures markets act as shock absorbers to various segments of the world's economy. In the case of the Chicago Mercantile Exchange these segments include major staples of the American diet; beef, pork, turkeys, eggs and potatoes; the backbone of the housing industry, lumber; plus commodities of world commerce such as gold, U.S. Treasury bills and foreign currency.

Efficient use of futures markets enables industry to control costs of buying and selling, avoid price jolts, finance intelligently and plan ahead confidently. All of which results in pass-along benefits to consumers—providing more of the things America needs in food, housing, manufacturing and world trade.

For Billy Sullivan's sake, let's keep it that way.

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The Chicago Mercantile Exchange is located at 444 W. Jackson Boulevard, Chicago, Illinois 60606. It lists for trading the following commodities:

- |                     |                     |                              |                  |                         |         |
|---------------------|---------------------|------------------------------|------------------|-------------------------|---------|
| Live cattle         | Frozen skinned hams | U.S. silver coins            | Canadian dollars | French francs           | Eggs    |
| Feeder cattle       | Boneless beef       | United States treasury bills | British pounds   | Dutch guilders          | Milo    |
| Live hogs           | Copper              | Deutschemarks                | Swiss francs     | Lumber                  | Butter  |
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مكزامن الأصيل

COMMODITY FUTURES CONTRACTS TRADED 1972 - 1976

Trade of the City of Chicago,  
Jackson Boulevard,  
Illinois 60604

Board of Trade of Kansas City, Missouri Inc.,  
4990 Main Street,  
Kansas City, Missouri 64112

Per Contract	1976	1975	1974	1973	1972
5,000 bu	2,973,733	2,262,841	2,376,611	1,567,583	855,613
5,000 bu	4,609,262	4,536,049	4,679,042	4,075,075	1,942,120
5,000 bu	126,885	154,067	159,486	182,963	36,252
5,000 bu	5,474,179	5,913,804	2,731,397	1,742,513	4,043,474
60,000 lbs	1,685,819	1,488,720	1,620,316	1,765,856	1,110,776
100 toos	1,523,711	792,227	878,182	680,306	630,916
28,000 lbs	117,641	178,363	221,128	328,346	23,264
5,000 ovs	2,011,041	1,882,703	1,462,195	1,432,296	813,492
3 kgs	10,840	54,331	1,143	—	—
76,032 sq ft	333,373	285,456	383,322	274,134	217,621
100,000 sq ft	—	—	3,258	8,059	—
5,000 bu	—	—	1,455	—	—
\$100,000	123,568	20,125	—	—	—
	18,895,156	15,942,066	14,557,435	13,234,032	9,874,179

Per Contract	1976	1975	1974	1973	1972
5,000 bu	657,511	603,901	426,656	346,118	292,821
5,000 bu	539	—	—	354	—
250,000 lbs	—	—	—	0	—
	658,250	603,901	426,656	346,473	292,821

Per Contract	1976	1975	1974	1973	1972
5,000 bu	225,084	197,134	174,574	171,660	116,574
36,000 lbs	—	—	14	—	—
5,000 bu	471	2,231	3,974	417	2,294
	225,555	199,365	178,562	172,077	118,165

Per Contract	1976	1975	1974	1973	1972
30,000 lbs	22	4	—	4	—
38,000 lbs	—	—	14	8	—
22,500 doz	146,341	142,968	361,257	617,295	474,948
50,000 lbs	55	1,850	6,129	—	—
36,000 lbs	1,839	1,974	9,063	9,532	6,137
36,000 lbs	1,201,096	1,443,464	735,246	1,154,375	2,057,094
36,000 lbs	1,146,515	1,426,507	1,083,512	1,081,770	543,257
36,000 lbs	2,647,700	2,497,259	2,517,341	2,547,527	1,370,471
36,000 lbs	8	—	9	—	—
100,000 bd fl	118	256,252	238,427	194,792	66,539
400,000 lbs	350,530	670	11	1,344	1,354
42,000 lbs	62,795	29,587	30,999	22,752	7,432
28,000 lbs	33,465	15,015	14,023	31,412	14,780
\$100,000	17,093	2,877	3,699	29,164	38,907
50,000,000	44,887	54,793	49,447	77,272	19,230
1,500,000	1,449	1,790	7,238	125,660	43,989
1,000,000	51,439	48,547	90,941	120,242	9,717
250,000	37,246	69,933	42,505	22,013	17,722
125,000	392	927	1,527	11,327	43,989
85,000	257	34,757	86,977	18,555	17,722
100,000	—	—	261	509	—
250,000	5,968	6,238	11,259	—	—
100 ozs	340,821	406,968	2,131	—	—
\$1,000,000	110,223	—	—	—	—
	6,201,665	6,401,956	5,293,580	6,047,629	4,672,218

Per Contract	1976	1975	1974	1973	1972
25,000 lbs	1,243,011	494,019	411,073	594,589	251,219
100 tr. ozs	479,363	383,517	2,550	—	—
10 baskets	—	11	84	25	—
22,040 lbs	—	75	183	—	—
5,000 ozs	3,741,908	2,902,315	1,365,915	1,237,890	515,168
	5,484,282	3,759,937	1,779,805	1,802,474	1,086,502

Per Contract	1976	1975	1974	1973	1972
1,000 bu	514,048	363,821	623,929	74,662	13,544
"	2,904	4,987	5,181	9,323	—
"	418,715	302,173	760,521	102,572	12,579
"	700,468	657,132	557,348	56,546	81,205
15,000 lbs	145,647	138,069	34,352	—	—
1 kilogram	2,573	6,572	421	—	—
1,000 ozs	447,513	430,915	557,256	400,048	89,800
Coins	—	52	—	141,712	43,092
	2,231,866	2,414,621	3,572,848	783,863	235,352

Per Contract	1976	1975	1974	1973	1972
100 ozs	6,511	1,348	2,277	1,858	459
50 ozs	135,810	90,287	199,823	147,802	159,272
70,000 sq ft	—	—	—	—	4,020
50,000 lbs	413,021	785,792	770,781	673,872	246,803
50,000 lbs	43,649	—	—	—	—
100 met. un	—	—	—	—	—
22,500 lbs	—	—	—	—	—
30,000 lbs	3,114	3,396	4,803	2,645	594
\$10,000 value	29,751	30,659	90,852	89,978	26,437
2,000,000	5,604	28,585	15,640	—	—
32,151 troy ozs	2,351	36,733	1,230	—	—
25,000	—	—	—	—	—
250,000	—	—	—	—	—
250,000	4	4	10	—	—
12,500,000	—	—	—	—	—
100,000	—	—	—	—	—
1,000,000	—	—	—	—	—
	640,115	1,006,803	1,088,470	913,991	437,794
Total all contracts	36,875,215	32,185,612	27,693,435	25,581,297	18,172,702
Change from previous year	+14.5%	+16.0%	+7.4%	+40.9%	+25.9%

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Speculators

CONTINUED FROM PREVIOUS PAGE

The U.S. Government, and unable to get out while the CFTC, have a somewhat ambivalent attitude to speculation. It is recognized that speculation is an essential ingredient for a successful market. Earl Butz, former Secretary of Agriculture, sought to encourage a futures market for rice, but commented rather sadly that he could not see the speculators going for it. The Carter Administration appears to have a similar attitude, but may be influenced more by the views of overseas producers, notably those in developing countries who sometimes bitterly resent their export prices apparently being controlled by speculators in Chicago and New York.

Even in Europe there is some resentment that a dentist in Nebraska should have as much influence as some of our speculators in fixing the price of a vital raw material or foodstuff. The U.S. markets take a parochial attitude towards the rest of the world, simply because the volume of business available domestically is so great. Overseas participation in the U.S. futures markets is difficult to calculate, since much of it comes via multinational U.S. based broking companies and the proportion varies widely from commodity to commodity. In the giant grain markets of Chicago overseas business is thought to represent a small percentage of the total, but is much more important in the world markets for silver, cocoa, coffee and sugar trading from London and other areas. The new financial futures markets are also expected to attract more overseas business, since money is an international commodity.

If anything, the trend has been the other way, with increased U.S. business going overseas, particularly to London. The fear of CFTC regulations stifling the markets has persuaded some companies to widen their international operations while others are attracted by the relative freedom in the London markets compared with the strict controls already operating in the U.S. As one U.S. broker commented: "You can get away with things in London that would get us barred for life here." On a more practical note the permissible limits set on daily price fluctuations in the U.S. markets, which are not applied in the London metals, cocoa or coffee markets, have driven business over to London from companies and speculators frightened of being locked in

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# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## SAFETY

### Stops M-way madness

AN experimental anti-collision car-borne radar developed by Stoddard Elektrik Lorenz in West Germany has now been on trial for some 18 months and has met requirements laid down for distance and speed measurements, resolution, accuracy and system response.

The need for such a system arises from the acknowledged inability of many drivers to estimate the necessary safe distance from the vehicle ahead, in fog or icy conditions the danger is severe, with known tragic results.

Basically the SEL radar, in conjunction with the speedometer, determines the magnitude and sign of the relative speed between "own car" and the vehicle ahead. The data is fed into a microprocessor which in order to provide a result also has to be provided with a figure that accounts for maximum braking ability of the vehicle (which is dependent on the road conditions) and driver reaction time. This is preset by the driver.

Frequency modulated continuous wave radar has been used in the design resulting in a suitable antenna fixed to the front of the car and a small indication unit on the dashboard.

Basically the processor calculates the safe distance about every one tenth of a second and compares it with the measured distance. As long as the latter becomes equal to or smaller than the former the driver is warned. This closing-up effect is shown

to the driver on a ribbon display and in addition an audible warning is given as soon as the vehicle gets too close to the one in front.

SEL states that by optimising the antenna lobe width in azimuth and elevation and by suitable data processing, the number of false alarms can be kept to the minimum. Such false targets are of course, objects such as trees, traffic signs, bridges and parked vehicles and constitute the main problem for all anti-collision radars, particularly on bends in the road.

A report on the system, which appears in the latest edition of Electrical Communication, suggests that false alarm reduction is still being looked at and "only if the number of false warnings can be made so low that even an unskilled driver can deal with them, will such systems become generally accepted."

The present 16.5 GHz radar will operate at ranges from 10 to 130 metres to an accuracy of +2.5m, and the coverage sector is 2.0 to 2.5 degrees in the horizontal and 5 to 8 degrees in the vertical. Relative speeds between -30 and +160 km/hr can be dealt with. Current work is at the higher frequency of 35 GHz, reducing the antenna to the size of a car headlamp.

The ultimate problem—interference effects when large numbers of cars are fitted—is not according to SEL, as bad as might be imagined, and "can be solved."

## METALWORKING

### Precision grinding

WHEN MACHINING between centres, the geometrical accuracy of the size and positioning of the centre-holes in the component affects the precision of the subsequent work.

This method is stated to produce centre holes guaranteed within 0.002 mm, (80 millionths of an inch) of their theoretical geometric form, and within 0.01 mm of the true geometric centre of the workpieces.

Operation is automatic, and programmable control functions are pre-grinding and finish grinding, time between strokes, spark-out time, reciprocating strokes of dressing diamond, feed of dressing diamond, frequency of dressing and length of grinding cone.

Maximum workpiece dimensions for standard machines are 1,800 mm. long by 300 mm. diameter, with centre hole diameters from 2 to 50 mm.

Marketed in the U.K. is by Adam Machine Equipment, Luton Road, Horden, Herts., AL5 3DA (08527 52423).

Grinding is by three simultaneous actions which together, it is claimed, generate near-perfect centre forms. The grinding cone rotates on its own axis; the cone assembly is driven in a planetary motion about the centre-hole axis; and the cone

is reciprocated along its line of contact with the work.

This method is stated to produce centre holes guaranteed within 0.002 mm, (80 millionths of an inch) of their theoretical geometric form, and within 0.01 mm of the true geometric centre of the workpieces.

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## SERVICES

### A source of Hovers over difficult ground

BECAUSE service industry managers have had to cope with some of the most difficult problems encountered in industry and business during the last ten years or so, they undoubtedly will become the industrial and business cadres within other companies in the not too distant future, according to one of the most successful entrepreneurs in the services business.

Bryan Mills, chairman of CMG, Computer Management Group.

Not only have the people concerned been required to learn new technology faster than the rest of industry, they have made a living by getting more out of their equipment than the makers thought possible. And they frequently have had to tackle software problems of considerable magnitude, while taking maintenance in their stride.

It follows, according to Mills, that they have been thrust into intensive training and practical management experience that has no parallel in any other industry. But since information management in its widest sense is becoming the lifeblood of industry—particularly international industry—it also follows that there will be a growing demand for managers who have been through the hard training school of service companies.

He was speaking at the presentation of the company's results for the year to April 30 during which the group performed better than the service industry as a whole.

Further from CMG, Lenniz House, Masons Avenue, Croydon CR0 1EH. 01-688 2261.

## TRANSPORT

### Hovers over difficult ground

URGENT requirements for the tough rubber skirts to go on a big hover platform for use in investigating the vast potash deposits believed to exist under and around the Dead Sea have been met by Avon Industrial Polymers (Melksham).

Mackley Ace (U.S.A.) designed and built the platform which is a 30-ton unit now on site in the Jordanian area of the Dead Sea, carrying drilling plant and equipment, and Avon made the complex skirt system in four weeks. It was air freighted to the Honston plant of Mackley and assembled and tested before being flown to Jordan with the remainder of the platform and its equipment.

Wimpey Laboratories, sub-contractors to

## PACKAGING

### Doubled capacity

CASEMAKING capability at Bowater Containers' Summers-town plant in south-west London has been doubled by the installation of a new machine for producing and printing corrugated cases.

One of its kind in the U.K. and representing an investment of £1m, it is a French-built Martin Midline Case-maker. From flat sheets of corrugated board, the machine prints, slots, creases, crests and glues cases at rates up to 18,000/hour.

On average, seven different jobs are handled per shift, and the company expects throughput soon to reach a weekly production of some 600,000 cases.

Maximum blank size is 2.4 x 1.2 metres, and printing is in two colours, using the flexo-

## INSTRUMENTS

### Fast magnetic flaw detector

BRITISH GAS believes a single-hooped magnetic flaw detector developed at its Killingworth engineering research station to be more reliable and faster in operation than conventional competing devices.

The complete unit can be passed through an aperture of only 18 inches in diameter and, if required, can be separated into two sections for ease of handling.

Taking its power from a 13 amp plug, the transformer gives a continuous rating of 1,000 amps at 50 Hz and 1,800 amps at 50 Hz intermittent.

ERS has developed an improved inspection technique involving the application of a parallel closed loop conductor. Magnetic particles are trapped in the area to be examined, in block or fluorescent ink by spray, or applied as a dry powder.

The electrical safety unit Casco-guard—used in conjunction with the meter—provides a high degree of safety meeting the most stringent operating requirements. It is suitable for use with any type of mobile electrical equipment from X-ray units to welding sets.

Connected between the power source and the unit in use, it works by sensing all earth leakage currents in the equipment and checking that mains earth is in good condition. If it is not, the equipment cannot be switched on and a fault occurs. Casco-guard will cut power in 30 milliseconds, maximum.

Further details of the instrument are available from British Gas, 59 Brunton Street, London W1A 2AZ. 01-723 7030.

## PLASTICS

### Withstands hot water

ENGINEERING thermoplastics from GE known under the general title of Noryl, have an additional formulation able to withstand heat distortion temperatures of 150 degrees C.

VO-150, the new formulation, has 120 impact resistance as high as 8 ft/lb per inch of notch, good processing properties and the best gloss finish of the family.

Slightly more expensive than ABS and less expensive than acetals, nylons and polycarbonates, the family has the lowest water absorption factor of all the thermoplastics materials.

The newcomer is specially recommended for the electrical and electronics market, for TV and audio components, integrated circuit carriers, terminal blocks, switches and controls.

Apart from this area, however, the material is being examined for use in hair dryers, curlers, coffee machines, hot water dispensers and other equipment coming into contact with very hot water, since repeated auto-plating and exposure to steam seem to have very little effect on it.

Many of these devices have complex shapes which would be an unprofitable manner to produce with conventional metalworking procedures.

Noryl VO-150 can be processed at mould temperatures from 30 to 120 degrees C, melt temperatures of 285 degrees and injection pressures of 1,000 to 1,400 kg/cm<sup>2</sup>. The emulsion injection speed, receiver, easy to operate, has a bandwidth of 100 Hz (20 dB).

More from General Electric Plastics, BV, Plasticaleen, 1, Berdenweg, 2007, The Netherlands. Tel. 020-620000.

## CIVIL SERVANTS TALK TO THE WILSON COMMITTEE

# 'Availability of funds not the constraint on investment'

THE WILSON Committee Review the Functioning of Financial Institutions yesterday produced its first publication—a compendium of written and oral evidence from the Treasury and the Department of Industry. Much of the written evidence was to the nature of a tour d'horizon—the way funds flow into investment, the way government supports industry, the financial structure of the U.K. economy, and the financing of small businesses.

Here we give extracts from the oral evidence where it has touched in concise manner on questions of interest. We have been forced to be crudely selective, and questions and answers have in many cases been abbreviated.

Sir Harold Wilson: Perhaps I should start by asking what our witnesses feel about what we regard as a very fundamental question, the relationship between the supply of funds to industry and industry's demands for funds. In the view of the Treasury has the low rate of investment in this country by comparison with others been due to a deficiency in the supply of funds or to industry's demands for funds; or is it much patchier than that, the particular form of demand for funds; or is it the conditions, rates of interest or anything at which funds are made available? Could we start with that general question?

Mr. Bailey: We would want to say first that there is, it seems to us, no very strong evidence that the supply of funds as such has been an important constraint on investment, accepting to start off with that of course the investment level has been too low. We take the view that the main causes for this have been on the demand side because of a whole range of circumstances affecting the U.K. economy generally.

### Crowding out

Wilson: Given the level of savings in the economy, has a sufficient proportion gone into industrial investment as against other forms of capital expenditure such as residential and commercial property, or for that matter the public sector, and investment in social services, and so on? If so, is it again the old story that we keep hearing, that demand is deficient? And how seriously do the Treasury take the danger of the crowding out of industrial investment in a putative upturn in the economy?

Mr. J. M. Bridgeman: On the question of whether we have had enough industrial investment, the simple answer is that, as I think we would all agree, we think we would all agree, industrial development is concerned I think the answer is quite unequivocal. The final reference was to the phrase "crowding out," which has become very much a vague

Wilson: How many trade union officials go into the Treasury for these discussions?

Bailey: As of now I have to say none.

Wilson: So there are no agendas for these meetings; it is just friends talking to friends, is it?

Bailey: Except, as I say, in a loosely structured way, having a theme for discussion. We do have the TIC in pretty regular intervals, the Industrial Strategy Staff Group discussions on the progress and organisation of the industrial strategy work.

Mr. Jenkins: Mr. Chairman, in the next decade obviously there will be some institutions which will have enormous amounts of money available for investment. I am thinking of the compulsory savings in the occupational pension funds. Does the Treasury have a view about the policies which might be adopted by the managers of these great hoards of money? Do we need a new mechanism for advising or guiding, if not directing, the investment of these institutions?

Bridgeman: Clearly, the first responsibility of managers of the funds must be to those for whom they hold them in trust; they are trustees of the thousands or hundreds of thousands, depending on the fund—of workers whose pensions they have. That is their primary duty. We should create conditions

### TREASURY WITNESSES

Mr. A. M. Bailey (Under Secretary, Industrial Policy Group), Mr. J. M. Bridgeman (Under Secretary, Home Finance Group), Mr. F. Cassell (Under Secretary (Economics), Medium Term and Policy Analysis Group), Mr. P. E. Middleton (Under Secretary (Economics), Finance Economics Unit) (Department of Industry; Miss A. E. Mueller (Under Secretary, Industrial and Commercial Policy Division).

tions in which they would feel it was profitable for them to be putting their funds towards manufacturing and other investments; and also, I hasten to add, funding that part of the public sector borrowing requirement which has to be done outside the banking system, which has been one of our major preoccupations over the last two years.

Mr. Murray: Would you agree that one of the conditions of creating a whole profitable unit would be to ensure that the resources were in fact made available to the productive

sector of the economy? Does this become rather a chicken-and-egg problem, that a view taken by the pension funds, or perhaps even by yourselves in the Treasury, of the desirability of investment in this area might well condition the profitability of that particular sector? Does this push you towards any view about encouragement, or giving incentives in a movement of that sort?

Bridgeman: What kind of incentives had you in mind, Mr. Murray?

Murray: I am dependent on the ready wits of the Treasury; but since you put the question back to me, I will have to give an answer. I would take the view that it should be incumbent on the Treasury, in association with the DoI, to display in pension funds and so on the desirability of giving preference to projects in a particular situation. Would you find that prospect horrifying?

Bridgeman: We certainly would not find it horrifying to display the government's view as to where priorities were, no.

Exchange controls

Mr. Murray: What priority does the Treasury give to dismantling the foreign exchange controls? Many studies have suggested that investment abroad is going to be beneficial for employment at home and, certainly, that investment abroad can pay dividends to the national wellbeing. What are the priorities there?

Mr. Middleton: I think the studies are actually a bit conflicting. There is no doubt that the balance of payments has benefited from overseas investment. The real question is whether there has been any displacement of domestic investment, and my own view there is that the position is fairly neutral. When the balance of payments moves into surplus we have to bear in mind that first of all we have a very heavy burden of external debt which we have to repay and which is a contractual obligation which stands to be repaid in time.

The second thing to bear in mind is that the current account figures are not the whole picture. There are very large capital flows out of the country, considering what our priorities are going to be, in dealing with the situation when the current balance improves. Because of North Sea oil, you have first of all to hold yourself back a little bit and remember that there are

## THE WILSON COMMITTEE

Sir Harold Wilson (chairman), Professor A. D. Bain, Sir Kenneth Bond, Mr. K. R. Cork, Professor R. Dabrendorf, Mr. W. Graham, Mr. D. C. Jenkins, Mr. R. E. Jones, Mr. J. M. Mills, Dr. J. E. Mitchell, Mr. Len Murray, Sir David Orr, Sir John Pridemore, Mr. H. Stephenson, Mr. A. Sugden, Mr. B. P. Hudson (secretary).

rather than if we are in deficit. But I would not myself put that at the top of the list of priorities.

Murray: What if any, regular or formal contact do you have with representatives of the pension funds and insurance companies?

Bridgeman: None yet. Our relationship with the financial institutions like our relationship with industry tends to be at one remove.

The Chancellor has, however, been concerned that there should be more direct contacts between both government as a whole, the Treasury and the financial institutions. It is proposed to set up a series of consultations with the financial institutions.

Murray: What are going to be the items on the agenda?

Bridgeman: As with the industrial field, part of the time will be on the general economy and part on a specific area. The item on the agenda proposed for July is the relationship between city institutions and the organisations to which they are investing.

Prof. Bain: Does the Treasury believe that in present circumstances direction of investment by the institutions would raise the rate of growth of real GNP in the U.K.?

Bridgeman: No.

Jenkins: Why?

Bridgeman: Essentially because I think it is very doubtful that the availability of funds for investment is the constraint on the level of investment.

Jenkins: That was not the question, as I understand it.

Middleton: But it is the answer, Case! The other answer is that you have to direct them to low yielding investment because otherwise they go there automatically.

## Treasury's written evidence

PART OF the basis of the preceding discussion was written evidence submitted by the Treasury under the heading "Investment and Finance for Industry. The Treasury summarised this evidence like this:

- (i) We see the main determinants of investment as being the current level of capacity utilisation and expectation about the growth of the volume of sales; financial factors are generally less important, although they can be critical at certain times in the case of individual firms;
- (ii) Inflation, and the associated higher interest rates, can affect investment, notably by increasing the uncertainties and risks involved in investment decisions;
- (iii) The Government has been developing its macro-economic policies in order to give priority to creating an environment for the necessary regeneration of British manufacturing industry;
- (iv) In particular it has—

effects on cash flow of inflation;

(b) amended the Price Code to help firms investing;

(c) directed its financial and monetary policies to help with the cost and availability of external funds for industry;

(d) taken a number of specific measures, for example relaxation of dividend control for rights issues and stamp duty on fixed interest securities, to help companies raising finance on the market;

(e) reduced the PSBR progressively, so that the effect on interest rates of Government borrowing has been brought under control;

(f) We do not consider that in aggregate the availability of finance has been a constraint on investment for the last two years, though it may have been important in particular cases;

(g) Outwards, there appear to be sufficient types and sources of private sector finance, including the expanded PFI and the new ECI, for any company with a commercially viable investment project to be able to obtain the

finance it needs. But there appears to be a very real possibility of industry that this is not the case. The Government would welcome the Committee's findings on the basis of the evidence submitted to them;

(vii) The Government has in particular been concerned to ensure that sufficient medium-term loan finance is available during the period while industry has tried out debtors for new company borrowing;

(viii) The Government would also welcome the Committee's views on whether it is desirable and practical to develop closer links between the financial institutions and the companies to which they invest;

(ix) The Government recognises that there are cases where investment would be in the country's long-term economic interest, although it may not be viable by commercial criteria in the short-term. They consider that assistance should be given in such cases, but that such assistance must be selective, whether through agencies such as the NCB or direct from Government departments.

# The problems of small companies

## DEPARTMENT OF IND WITNESSES

Mr. A. J. Lippitt, Deputy Secretary, Industrial and Commercial Policy Division, James (Under Secretary, Economics and Statistics Division), Mr. C. B. Benjamin (Secretary, General Branch of the Development Unit; Secretary, Industrial Development Advisory Board).

Treasury: Mr. A. M. (Under Secretary, Industrial Policy Group).

supply of overdraft or term funds, we think probably is, and a lot of effort of the branches clearing banks goes into it. But the cost is high for bigger firms, and so because the risks are higher and the administrative costs are unreasonable they are not too keen on it.

The extent to which the availability of security—this is a difficult question. What happen people have to pledge their own personal property, principally their house, the method of security in these circumstances gets that there may be looking at the possible guarantee agency which help in this direction.

There are difficulties to such a guarantee, particularly whether or not we get any extra security this way, I think that banks are a guarantee for a number of loans that would not be the point exercise.

As to the availability of security, this is a very difficult question for small firms, a bewildering array of sources of finance available, and who to ask about it.

Over the count

Prof. Bain: But I think the objection to an expansion of securities above the short-term. They consider that should be given in such cases, but that such assistance must be selective, whether through agencies such as the NCB or direct from Government departments.

Mr. Lippitt: I would not object to that, of course to some extent.

Mr. Bailey: I think the objection to an expansion of securities above the short-term. They consider that should be given in such cases, but that such assistance must be selective, whether through agencies such as the NCB or direct from Government departments.

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COMPUTING

Littlewood many mini

IN WHAT is probably the order for mini-computers placed in Britain, the Littlewood organisation has to install 42 of the small machines from Honeywell to serve nerve centres for an information network based on three machines in Liverpool.

This move, which will cost the company some £2.2m, is part of a long-term plan to base the company's computer operations on distributed-computing power, to which the mainframe computer, the local information controller and processors working around 350 display and terminal units, which also allow the routines of ordering stock control for the firm's operations.

The small machines will drive printers and provide support while working for the central mainframe equipment.

Honeywell has been linked since 1964 with the development of Littlewood's Gons and procedures.

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MATERIALS

Woodfile

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Churchill

breaki

service

ADVERTISING COSTS for small firms

This article was written by E.B. Reppel, Director of the Advertising Association, 01-550 9474



# The Management Page

مكتبات الأعمال

EDITED BY CHRISTOPHER LORENZ

David Churchill reports on Whitehall high flyers

## Breaking the Civil Service entry laws

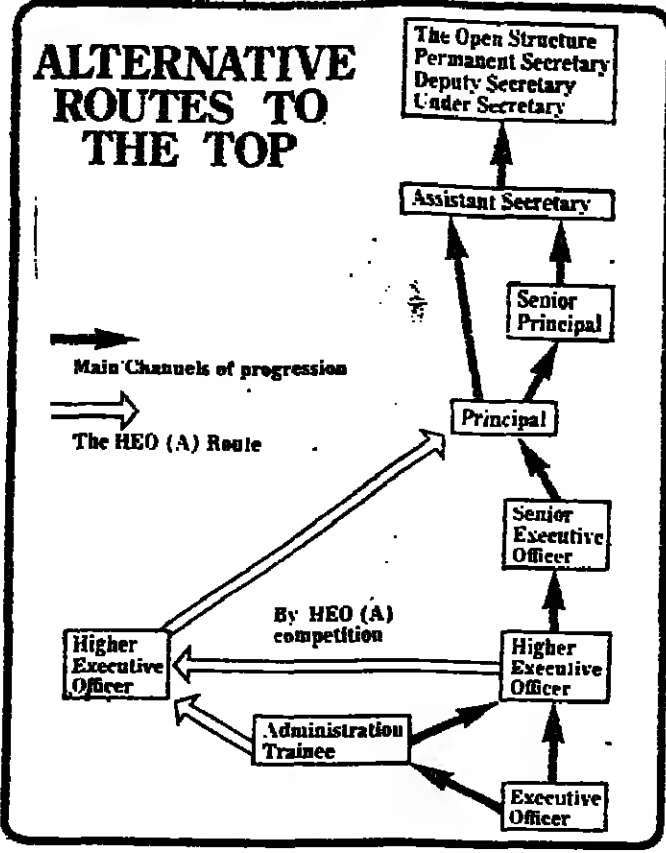
**THE** present scheme outlined in the diagram shows how new recruits or existing civil servants can join an accelerated promotion stream to emerge as principals and assistant secretaries in possibly half the time it would take on the normal promoting route.

The profile of a high flyer, as set out by the civil service Commission, includes certain "essential" qualities: a good all-round intellect; a natural authority when working with others; a willingness to subordinate personal ambition to the interests of the service; wide-ranging interests; drive and determination; and a feeling for "ordinary people." But the "commission" acknowledges that "all these admirable qualities (plus an unquestionable integrity) are unlikely to be found in any one individual."

### Intelligence

Thus, it is "perfectly possible for someone whose intelligence is in a lower range than our standards to do well because of the particularly effective way in which he is able to apply it," the commission points out.

Prospective high-flyers are identified at a two-day series of tests and interviews designed to evaluate a candidate's ability to handle high-level policy work as well as their interaction with each other. Candidates are closely monitored by a panel of three—a senior civil servant, who is also chairman; an observer, usually a young high flyer himself; and a psychologist. Their decision is based as much on their judgment of the individual as on results of expenditure committee and the written tests. The final decision should be abolished.



The union has a policy, agreed at successive annual conferences, of seeking the abolition of the AT scheme. In addition, earlier this year it called for a halt in all external recruitment of ATs because of the civil service manpower cuts.

The Society argues that the scheme has become "totally discredited" with its members and "has been an unmitigated disaster in respect of selection, streamlining, and postings that executive officers correctly feel that it holds little for them and is increasingly damaging to their own career development."

### Successful

The union's criticisms of the scheme are twofold: it favours high external candidates and those with a privileged background.

When it was set up, the scheme was expected to take about 100 internal entrants (existing staff) a year with a maximum of 175 external entrants. But in three out of the past five years the 175 maximum for externals has been exceeded, while the number of successful internal entrants has remained at about half the projected 100 level. And, the society points out, with the exception of 1976, the success rate of external candidates has been markedly higher than that of internals.

"The blame for this must lie with departmental managers, who have not actively identified those who would benefit from the scheme," argues the society. Internal candidates may either nominate themselves or be nominated by a department, but it is the "officially sponsored" candidates who prove most successful of the two.

The CSD acknowledges, however, that there have been fewer successful internal candidates overall than external. It suggests that good internal applicants may be unwilling to be put forward for the scheme because they do not want to upset jobs and homes, especially if based outside London. In addition, graduates who entered through the main executive officer scheme may be able to achieve desired promotion through existing channels rather than join the accelerated scheme for ATs.

Undoubtedly, the more controversial criticisms levelled at the civil service high flyers is that their initial appointment, and subsequent career, is based largely on social class and education rather than managerial performance within the service.

The CSD statistics show that between 1971-75, just over one in five AT candidates came from Oxford or Cambridge but they produced half of eventual trainees. This phenomenon became even more marked in



## An Act of God or government

BY A. H. HERMANN

AN OLD dispute of great significance for all East-West traders has now reached its final stage and will be decided by the House of Lords, probably early next month. It is between C. Czernikow, London, and Handlu Zaczarniznego Rolimpex, the Polish State-owned trading corporation, over a clause which excuses the seller if government intervention beyond the seller's control, in this case the force majeure clause is not applicable where the government is in fact the real contracting party. However, this assumption was challenged—first by the six arbitrators to whom the dispute between Czernikow and Rolimpex was submitted in the first place, 1975. The judge took the view that the exporter undertook to obtain not any licence but the "necessary" export licence. "Necessary" referred, the judge said, to the moment when the shipment should have taken place and there was no doubt that Rolimpex failed to obtain such licence at that time.

The Lords have now been asked to reverse this judgment. This could be done either by accepting the view taken by Lord Justice Lane on the issue of export licence, leaving untouched the fundamental pronouncement that the State trading corporation is not an integral part of Polish Government—a pronouncement which appears to be contradicted by the Communist legal doctrine of the "monopoly of foreign trade." Or, the Lords could reconsider the basic issue.

If they do this and conclude that Rolimpex is in fact only an arm of the government on whose account it transacts business—then we will only be left with Acts of God in the form of bad weather and poor sugar beet crop. These in themselves did not make delivery impossible but only more costly.

Those who make forward commodity contracts take a gamble, running the risk of making considerable losses in the hope of equally large profits. Estimates of future crops are very much part of this gamble and in this respect governments are in the same position as private traders. Unless they pay their gambling losses they run the risk of being unwelcome at the tables next second contract with the same time.

### Allocation

The Polish economic planners assumed that the 1974/75 production of sugar would reach 1,835,000 metric tons. Of this, 235,000 tons were allocated for export and Rolimpex was authorised to enter into forward contracts for 200,000 tons, which this State trading corporation did. However, since the central planners have no control over the weather, the sugar beet crop fell short of expectations and all the sugar produced in Poland was required to meet domestic needs while the price of the sugar on the world market rose. The Police Minister for Foreign Trade proposed that instead of defaulting it would be better for the future of Polish trade to buy sugar on the world market and to bear the consequent loss. But the Council of Ministers decided otherwise and prohibited all sugar exports as from November 5, 1974.

The export ban remained in force until July 1, 1975, and thus totally prevented delivery against the first sugar contract with Czernikow and provided only partial fulfilment of the Government, assuming that second contract with the same time.

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No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

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Wednesday September 21 1977

# Waiting for the upturn

YESTERDAY'S FIGURES show several years yet. Another is that the underlying rate of unemployment, which had tended to level out towards the end of last year and earlier this year, is now rising strongly again. The actual numbers recorded as without jobs this month, which were just over 1.6m, was slightly lower than in August but this drop was entirely attributable to the further substantial number of school leavers who had managed to find a job. The best quarter of the year, as so often happens, the output and expenditure-based measures of GDP showed somewhat contradictory trends, with the output measure recording a 1 per cent fall between the first and second quarters and a small increase in the second half of last year and the first half of this, while the expenditure measure showed a 1 1/2 per cent rise on a quarterly basis and a 1 per cent fall on the half-yearly comparison. Averaging the two, it would seem that there has been little significant change in economic activity since the beginning of 1976. With consumers' expenditure and investment both falling so far this year and public current spending little changed, what growth there has been has stemmed from exports rising faster than imports and some increase in stock building.

### Job creation

These figures would have been even more depressing had it not been for the various counter-employment measures which the Government has taken. The latest official estimate is that, in all, as many as 790,000 people may benefit from these special measures at a gross cost of almost £900m. Of this total, about 253,000 are being assisted at the present time by the various job making or job preserving measures, such as the job creation programme and the temporary employment subsidy, while a further 30,000 are currently filling the additional training places that have been created. For a number of reasons, including some people's habit of not signing on when they become unemployed, the effect on the unemployed register will be somewhat smaller. But on a rough and ready estimate, the unemployment figure would probably now have been some 200,000 to 250,000 higher in the absence of such measures. One does not have to look far for the reasons for the latest upturn in unemployment. One is the exceptionally large number of young people joining the labour force for the first time, a factor which will continue for

# A poor report on schools

YESTERDAY'S report by the Committee of Enquiry into the management of schools (chairman T. Taylor) shows some understanding of what is wrong with the present system, but then goes on to prescribe an alternative that could be a lot worse. It is right to seek the replacement of the present arrangement whereby school managers for "Governors" in secondary schools tend to be appointed by local authorities as a reward for petty political services. Its observation that too many school governing bodies are responsible for large numbers of schools is also to the point, as is its recommendation that every school should have its own board of governors or managers.

### Fashionable

Where the reports runs into the sands is in its attempt to prescribe the composition and powers of these new school boards. Apparently taking its cue from the fashionable notions of a decade ago, it proposes that every interest-group that is able to discern should be given an equal chance to participate in management. There would thus be statutory representatives: local education authorities, elected representatives of parents, elected representatives of the teachers (with the headmaster sitting ex-officio) and the local community would each have an equal number of seats on the board. It also speaks wistfully of the possibility that the older children should get a place (as should the cleaners, gardeners, dinner-ladies and other auxiliary staff).

The boards thus established would be only partly representative, and their diffuse origins would make them weak bodies, accountable to too indefinite a series of constituencies for them to work efficiently. As "works councils" for schools such committees might have some use: as governing bodies they would either create muddle or perpetuate the weakness that leaves the real power in the hands of the teachers. The result would be that the disquiet that led to the establishment of the Taylor committee would not be allayed. It might, indeed, be magnified, in

# Towards a better balance of development aid

BY DAVID HOUSEGO, Asia Correspondent

ONLY ONE major transfer of wealth to developing nations has occurred in the post-colonial era. That was the fourfold increase of oil prices, and it benefited only a handful of them. The success of the Organisation of Petroleum Exporting Countries in 1973 in battering down the ramparts of western economic power has had an sequel because other commodity producers lack the muscle. Instead, less developed countries without oil of their own have had to cough their arguments for a larger slice of the cake in moral terms. Thus the New Economic Order—the charter for the world's poor formulated at the Sixth Special Session of the UN—was and still remains a moral appeal for a redistribution of wealth. Likewise the pressures for debt relief, the stabilisation of export prices or the transfer of technology which are important elements in that package are based on concepts of natural justice—backed by warnings of a political explosion if the disequilibrium between North and South continues.

The moralising has gone in both directions. The West also has its evangelists. The message as proclaimed by Mr. Robert McNamara, the President of the World Bank, the late E. F. Schumacher in his work *Small is Beautiful*, and by a gaggle of Congressional committees is that developing nations must carry through internally the same redistribution of wealth that they are demanding internationally. The vehicles for putting it across are the multi-lateral aid institutions such as the World Bank, and the bilateral aid programmes run by individual donor nations.

Redistribution is pressed partly on the grounds of equity, it also involves an economic argument that growth is not sustainable unless backed by the strong purchasing power that comes from rural wealth and the creation of employment. Thus South Korea and Taiwan are held up as models of development because of their strong agricultural base. Research done by the World Bank and other developmental institutions has shown that the major capital investments behind which the Bank put its money in the 1960s have scarcely touched the lives of the rural or urban poor. Nor did they create much employment. These projects did not have the automatic multiplier—or "trickle down" effect—that they have in the industrialised world. They tended to leave small enclaves of wealth.

There was little follow up to the major projects. Huge dams and steel plants were left as monuments to themselves. The result was that the water from the dams swept the top soil away instead of being carefully channelled into the feeder canals so as to nourish the land. One of the most recent studies of the depressing record of the 1960s is the survey of agriculture in Asia published this year by the Asian Development Bank—one of the regional institutions to which the World Bank has acted as father figure. It reported that during the past decade food production among the ADB's developing member countries had scarcely kept pace with the growth of population. Net imports of foodgrains were 20 per cent higher in the early 1970s than in the mid 1960s. None the less the additional food available was small and for a large proportion of people standards of nutrition had declined.

The shortfall is resented by developing nations which see an inconsistency between western commercial banks impatient to lend, and paternalist aid donors whose funds are lying idle. It draws protests from a number of industrialised states which subscribe to the ADB partly in the expectation that aid will also mean more export orders. And it makes it harder for the bank to replenish its capital. In an effort better to come to grips with poverty the ADB, like other aid agencies has been drawn in two directions. Both are ringed with ugly titles. "Integrated rural development" programmes are an attempt to combine increased agricultural production with an overall improvement of living standards and the creation of more jobs. They involve an elaborate interlocking of irrigation projects, seed and fertilizer distribution, agricultural extension services, improved access to markets, feeder roads, schools, health clinics, rural credit institutions and new local industries. They imply—if wealth is to be more widely spread—institutional changes such as land reform and the formation of co-operatives to put bargaining power into the hands of smaller farmers. The returns are both social and economic.

"Appropriate technology" is a euphemism for the use of labour intensive techniques. It avoids seeming to foist on developing countries second best technologies. Labour intensive techniques create jobs and income: save capital and foreign exchange which are in short supply in developing countries; utilise skills and equipment that are more readily available; and can provide the focus for small scale local enterprises. On the other hand "appropriate technology" can inflate the cost of a project—the Khulna Mongia Road in Bangladesh, for instance, will cost about \$3m, more to build because equipment is being kept to a minimum. It can also render an industry uncompetitive and involve far greater problems of management.

How far the ADB should set drawn in these directions is a source of controversy within the bank. The demarcation lines are not simply between industrialised and developing States. There is a strong lobby representing donor country interests which argues that the bank is primarily in the business of transferring resources, and should not be distracted by the "fads" which slow down the pace of disbursement.

What particularly excited the delegation's interest was the copy of the Barons art collection which was presented to him by David Bruce, the first U.S. representative in Communist Peking. What fascinated Baron Philippe on the other hand was the total absence of signs of rank on his guests' olive green uniforms and flat caps with huge red stars. He also noted with interest that while General Yang's colleagues accepted champagne the General himself preferred tea before covering a full page of the visitors' book with what the Barons assumes are polite words of thanks.

# MEN AND MATTERS

## Sure, and I heard you

The British Irish Association's annual conferences could be called the Ulster Question's own Bilderberg Group—except that those international notables who attend the Bilderberg meetings to pool ideas strictly observe the rules of secrecy and those who go to Oxford to discuss sensitive developments in Ireland do not.

This weekend saw the Association's fourth get-together, when 150 participants—politicians, officials, academics and journalists who are directly involved in the Irish impasse—were assembled at St. Edmund Hall, Oxford. Ideally, the organisers would wish that the outside world never hears of the conferences, for even attendance at such a mixed gathering could spell political suicide in Ulster. But the gaff was blown—thanks to former Irish cabinet minister Dr. Conor Cruise O'Brien's unilateral decision to waive the Chatham House rule on attributable reporting so that his controversial speech claiming that only a minority of Irishmen want re-unification could be publicised.

Whether or not journalists were right to accept O'Brien's dispensation is now the subject of a lively row. The view of many participants is that the non-reporting rules are designed to protect everyone present. That view is sharpened by the fact that O'Brien's action has greatly embarrassed a number of Irish politicians from both sides of the border, who were forced to hear him out in impotent silence. The "leaks" that find their way into the Press are still worrying both organisers and some of the participants. Not a lot and asked lots of questions when one distinguished journalist refused his invitation to the conference, with its

## Restrictions on reporting, but then turned up outside the college and microphone in hand, "de-briefed" his colleagues as they emerged.

## Preaching to Peter

The news of Peter Hain's conversion to the Labour Party came as no surprise at all to Tom Jackson, the magnificently mismatched general secretary of the Union of Post Office Workers. Any suggestion that Hain merely grew disillusioned with the Liberals over the Thorpe-Smith imbroglio is dismissed by Jackson. He says paternally: "I had a number of conversations with the lad. It was only a matter of time."

It seems that in his job as one of the union's research officers, Hain was having his car bent quite often. Assistant general secretary Norman Staggs is letting it be known that he also "bad a few words with the lad." Like Jackson, Staggs is a person of gaunt proportions.

## China tea

Having spent the past week inspecting the armed might of the French Republic, the top level Chinese military mission led by General Yang Cheng-wu spent yesterday afternoon as guest of a man who personifies the capitalist system it is all designed to defend—Baron Philippe de Rothschild. And a very pleasant time was had by all, as I discovered when I called the Baron at Chateau Mouton-Rothschild upon his guests had left by helicopter. "General Guy Mery, chief of the French General Staff, phoned to ask if he could bring them along and of course I was delighted. They stayed for two hours, were very, very, laughed a lot and asked lots of questions. They invited me to visit them in Peking—and I would love to go."

## Bricks dropped

Gesellschaft Amicitia is a Cologne club for the building industry. Its aim, as one can read in the club's statutes, is to "cultivate friendship and nobility of mind and to see that members are truthful—this being a precondition of a real friendship." It is also fairly strict with its members; those who fail to attend the club's afternoon discussions have to excuse themselves—and those who attend have to keep secret whatever was discussed.

The Federal Cartel Office has now discovered why. The real aim of the organisation has been collusive tendering. The "discussion afternoons" were used for the preparation of tenders for large building projects. They ensured that the lowest price tenderer by the member selected to win the contract was comfortably high.

The Cartel Office has now closed the club and its president a total of DM23,000 (£5,600). There is no appeal.

## Murphy at NEB

Having avoided the Press since taking over from Lord Ryder as chairman of the National Enterprise Board, Leslie Murphy made up for his elusiveness yesterday by presenting both himself and his management team on the occasion of the half-year results. I shall draw a pulite veil over the results themselves, but can reveal that teamwork is the hall mark of the Murphy management style, quite a contrast in the highly personal leadership of Lord Ryder. It is not just a question of style and personality however but, as Murphy confessed to me, partly a question of necessity. Having been prompted to the chair from the number two position Murphy now finds himself without a deputy chairman to carry part of the burden and is definitely in the market for one, at around £25,000 per year.



Harvesting sorghum in Upper Volta; by putting this photo on the cover of its new issue, report the World Bank documents the shift of attention to more rural development.

Their belief is that developing governments know best how to balance payments financing such projects too far that to reach through the mesh of caste, family allegiances, and tribal groupings to the poor. If Governments don't care to look after their own, then a bank only risks creating frictions by trying to lend to unwilling recipients. Beyond these general points there is the economic argument that loans for rural or labour intensive projects inevitably require less foreign exchange (which the bank has) and more domestic financing (often tough on local governments). To ease their burden, the bank changed its rules in 1974 to enable it to help to meet needs in local currency as well as foreign exchange. In some cases that has resulted in the ADB financing 75 per cent of a project—ratio that borries some members. Misgivings about the shift in the pattern of lending are shared in the developing countries. Dr. Widjojo Nitisastro, Indonesian Minister for Economic Planning, feels, for instance, that donor agencies lack the local experience to administer complex rural schemes. He proposes that they should review the priorities in a nation's development plan. Once satisfied, they would provide the more sophisticated hardware, technical expertise, and the foreign exchange. But donors are unwilling to make such an open-ended commitment. The mainstream of thinking within aid agencies is firmly wedded to deeper involvement in programmes and unemployment. If the pace of disbursement was the criterion of success, one senior ADB staff member says, then the bank should seek an alteration in its charter that

## Shortage of managers

It is certainly far more difficult to co-ordinate an integrated rural development exercise because of the number of Government departments involved. Unlike an electrification scheme it is not simply a matter of "getting the approval of a single ministry." Officials are reluctant to take decisions that trespass on the territories of other departments. There is also a shortage of project managers trained to organise such schemes. The ADB rarely says "a project. But in the process of negotiating its implications, it has the expertise. Governments to examine impact on, say, rural wealth purchasing power. That step beyond what some countries may be irritated by is large and they are not. But only the exercise of leverage is what they would put up with.

# Why the Leicester

100,000 new accounts have been opened with the Leicester Building Society so far this year. Why? Because there's such a good range of investment and savings schemes. Because it's one of the very big, very experienced building societies, whose assets are now over £1,000 million. Because it is convenient—there are 1,400 branch offices and local agencies throughout the UK. Now you know why, why not join the Leicester Investors?



Observer  
The where you live, but invest in the Leicester



# Coal v. the looming world energy gap

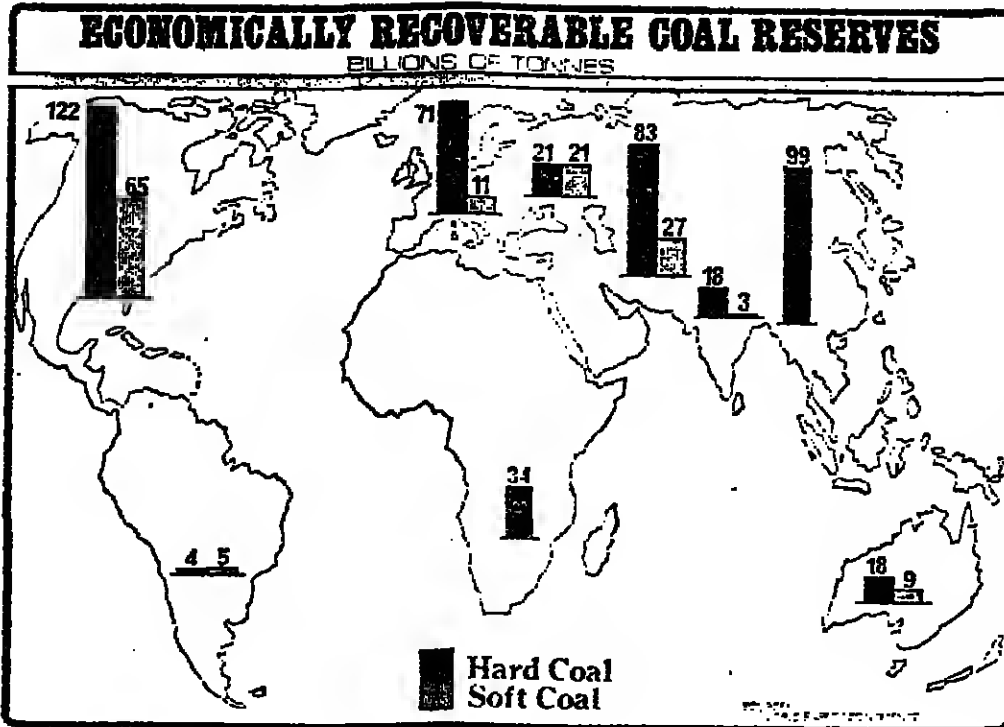
By ROY HODSON, now in Istanbul

Authorities concerned by resources agree best way facing them is to find a really good loom... John Hill, chairman of Kingdom Atomic Authority, has summed up the view in a series of articles in the world recession has short-term world which is masking, the public, the much shortage that is to

AREA	1977	1990
North America	20,000	58,250
Western Europe	2,500	6,150
Australia & Japan	650	15,000
Latin America	200	600
Middle East & North Africa	100	100
Africa south of Sahara	9,300	19,200
TOTAL	33,510	99,330

Source: World Energy Conference

ice. That figure correlates closely with earlier energy surveys made this year. It is based upon an international inquiry among the principal oil authorities. The final report has been prepared by M. Pierre Desprairies, chairman of the Board of the Institut Francaise de Petrole. The same experts conclude that by the year 2000 new discoveries of oil cannot be expected to do more than match the current (1977) consumption of oil. A slowing down of the rate of increase of oil reserves is seen by the WEC to be the most disturbing aspect of the outlook for oil.



of uranium is not likely to place a limit upon the growth of nuclear power, the WEC is confident that nuclear energy will provide a steady increase in the energy supply until it is responsible for between 50 per cent, and 60 per cent, of electricity generation by 2020. It is estimated that about 4 per cent of the world's electricity is at present provided by nuclear power in the industrial nations.

Thermonuclear fusion has been considered by the WEC as one of the "unconventional energy resources" for which any assessment of future prospects demands good guesswork and a crystal ball in the absence of hard facts. But the tentative conclusions are that the potential contributions of fusion are great and could even be commanding in the course of time. The conclusion is ventured that "fusion power could well become a contender in the market place during the early decades of the next century."

COUNTRY	1975	2020
Australia	69	300
Canada	23	200
China	349	1800
East Germany	126	155
India	73	500
Japan	19	20
Poland	181	290
South Africa	69	300
U.K.	129	173
U.S.S.R.	581	2400
USSR	614	1800
TOTAL	2233	7928

Source: World Energy Conference

of educating laymen about the true nature of the crisis has begun in earnest with a series of articles in the world recession has short-term world which is masking, the public, the much shortage that is to

whole for the first time. Members and agencies of the WEC in many parts of the world have been carrying out the research for the last 18 months. An important objective of the Istanbul conference is to draw together a complete analysis of the facts about energy. Often the starting point of studies of world energy has been the probable growth or decline of a specific form of energy such as oil, coal, or nuclear. The Conservation Commission of the WEC decided to draw upon the expertise of its international membership to make a complete review of energy resources between 1985 and 2020 taking into account oil, coal, gas, and nuclear resources, and the unconventional energy resources including wind, solar, tidal, and wave systems. To complete the resource studies the Energy Research Group at the Cavendish Laboratory, Cambridge, has provided a study of 2020. An energy conservation study has been the responsibility of a Finnish team. Grude oil resources are believed by the WEC to be between 400 billion and 600 billion tonnes. In the opinion of the WEC, the required development of

The future importance of coal is underlined again and again by the WEC. According to the forecasts of the new demand for fossil fuel will be met directly or indirectly by coal, and world coal demand is expected to increase quickly after the middle 1980s. The Cavendish Laboratory researchers have reported that coal will be required in industry both for direct use and for making synthetic fuels. Their estimate is that world coal demand in 2020 will be between four and six times its present level. In the opinion of the WEC, the required development of

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## Letters to the Editor

### gement of

human activity. Is what we may expect if we allow the Labour or any other party to really succeed in turning this country into a corporate state, presided over by (Mr. E. D. Dyke, September 17) "The Government, the TUC and the major public and private corporations." Sir Anthony Meyer, MP, writing on this problem recently, points to the danger of concentrating in some courts convicting (almost) automatically and disinterestedly what may be a true explanation. Indeed the Court of Appeal, over a year ago, warned against the danger of rejecting out of hand the explanation of absent-mindedness as a defence in describing what is increasingly happening as "this alarming drift towards automatic discharge," he uses words that are "too strong, it would be right to give notice of termination of employment in accordance with the terms of his contract if he thinks he can get more rewarding long-term employment elsewhere. Obviously the absence of a right to strike would require a high standard of managerial expertise—industrial and commercial managers would have to be very much on their toes which, together with the absence of strikes, would, of course, contribute considerably to increased prosperity, lower taxation and an all-round improvement in the general tone of the nation. W. R. G. Kerr, St. Craigmount Gardens, Edinburgh.

### Unprotected by Access

From Mr. W. King. Sir,—By the most incredible operation of Section 75 of the Consumer Credit Act, which became effective on July 1, Access is denying the vital protection of this legislation to the estimated 3m. members who joined prior to July. The small, small, print of clause 10 on the reverse of the application form signed by these vital members who built Access up over the past five years states "nor will it (Access) be responsible in any way for the goods and services supplied to the cardholder." By the careful layout of the application form a member has no longer a record of this offending clause because it is on the reverse of the part of the form you send to Access. Early in July I wrote to Access and said I assumed, as intended by the legislation, I would be protected by it particularly as I had been a maximum credit member since the inception of Access. I was astounded to be told only members joining since July would be covered. I could however resign my membership and join again and then I would get the rightful protection the Government intended. But it was not so simple to escape from the 3m. second-class members Access had created by its cavalier attitude. I was sent a new form with the same offending clause. I asked for it to be intialled out, as any normally responsible commercial undertaking would do, this was refused and in effect I was told to sign the outdated form and just wait.

### Pensions and politics

From Mr. G. Guntrip. Sir,—I believe the Social Security Pensions Act 1975 receives the general support of the major political parties and it was intended to "take pensions out of politics"; the new system made it possible for employers with good pension schemes in contrast to out of a large part of the State Scheme and it provided employers with an incentive to improve their schemes to appropriate circumstances. The statement of Terry Parry, chairman of the TUC social insurance committees, at the trades union congress would imply that this has not happened. If this is the case, it would seem reasonable to ask Mr. Parry to substantiate his remarks that large part of the State Scheme approved which were in practice no better than the state benefits. Perhaps the remarks were purely intended to introduce the remainder of the statement, which refers to early action to improve the state scheme and a toughening of standards for contracting out. This statement appears to indicate that pensions are now back in the political arena and after all the work in the pension field over the last two years this is a frightening thought. Graham Guntrip, 213, Pinsky Road, Heswall, Merseyside.

### Investment in Malta

From the Chairman, Malta Development Corporation. Sir,—Those of your readers who are not familiar with recent events in Malta may have been misled by the opening paragraph of your article "Reaping the Whirlwind" which appeared on August 31. Contrary to what was stated in that article, the industrial stability of the island has not been affected, let alone shaken, by what has been going on. Your correspondent referred to the unions representing public sector employees. He very curiously avoided all mention of Malta's largest trade union—the General Workers' Union—which represents virtually all industrial workers. This union not only has no quarrel with the Government but endorses the changes being introduced in the industrial sector. Indeed, the G.W.U. has co-operated closely with the Government in substantially and continuously improving the standard of living of the working class in spite of the adverse economic situation that has affected most countries in the world. The serious doubts regarding foreign investment in Malta seem to exist largely in your correspondent's mind. They are certainly not borne out by the stream of serious inquiries and applications to set up new industrial projects which my corporation is continuously receiving. So long as companies of high calibre, including British firms, keep coming to Malta they are confident that our Government's policy, which may of necessity be firm, has been and continues to be the right one. J. Cassar, Malta Development Corporation, Floriana, Malta.

### Checking on Ernie

From Mr. N. Wilson. Sir,—My wife and I have been accumulating Premium Bonds since March 1972 and, until and including May 1976, our investment paid us from 3 to 4 per cent annually in small prizes. The small prizes showed us that our bonds continued to be eligible as prize-winners and were not being left out of draws. By August 1976, we had swelled

## To-day's Events

GENERAL Prime Minister begins two-day visit to Rome for talks with Italian Government leaders. Mr. Denis Healey, Chancellor of the Exchequer, in Barbados for annual meeting of Commonwealth Finance Ministers. Monthly meeting of Confederation of British Industry council. President Carter in talks with Mr. Ismail Fahmy, Egyptian Foreign Minister, at White House. Premier Carter meets Congressional supporters of Concord at White House to discuss the aircraft's landing rights. Monthly meeting of building society leaders with officials from the Treasury and Department of the Environment.

## GENERAL

Sir Robin Hillier, Lord Mayor of London, opens annual conference of Chartered Insurance Institute. 20. Aldermanbury, E.C.2 OFFICIAL STATISTICS Construction new orders July. COMPANY RESULTS Mr. Arthur Bell and Sons (full year). Eagle Star Insurance (half-year). Laporte Industries (half-year). Investment, 23-25, City Road, E.C.4. NUC 12. Nigerian Electricity Supply. Management House, Parker Street, W.C.11. United Dominions Trust, 14-20, St. Mark's Lane, E.C.4, 12.

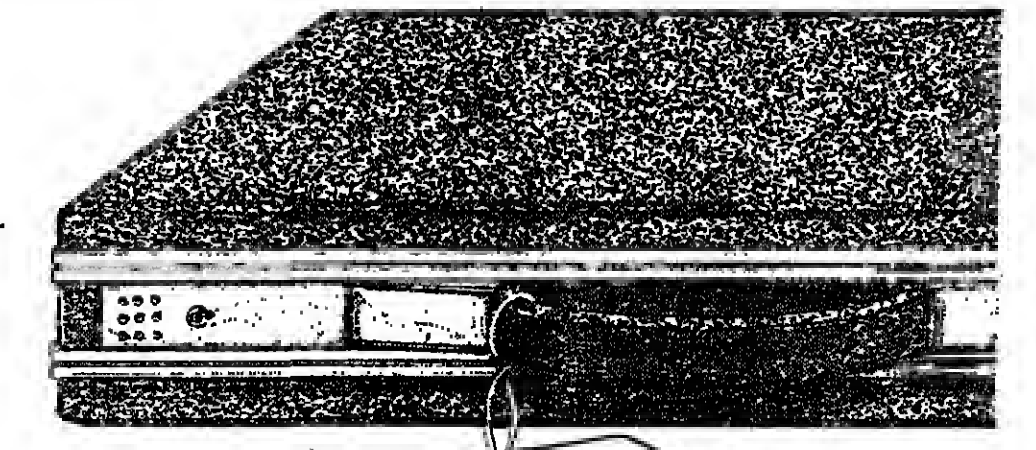
Why Leica... ct for... Why Leica... ct for... Why Leica... ct for...

### Offended honesty

From Mr. M. Nottingham. Sir,—Like W. F. Richardson (September 17), I too think long shops can be a "risky" business these days. How many readers would feel happy about an elderly, honest relative or friend of theirs shopping alone in a modern large store or supermarket? I would not!

### No right to strike

From Mr. W. Kerr. Sir,—With reference to the report (September 14) upon Mr. Peter Walker's reaction to the views expressed by Sir Keith Joseph and Mr. J. Prior on the Grunwick affair, might I suggest that the most vital deficiency within the trade union movement is the insistence upon the right to strike. The Prime Minister and his Cabinet colleagues and all influential organisations should be encouraging trade unions in general to give up the right to strike in exchange for a fully adequate supply of tribunals comprised of people who no person could reasonably claim to be biased in any direction other than in favour of administering social justice in the light of the facts and for the



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# WORMALD INTERNATIONAL LIMITED

## Including Mather & Platt Limited

Wormald International Limited group consolidated profit after tax for the year ended June 30, 1977 was a record at SA9.3 million.

The most significant event of the financial year just ended was the successful merger with Mather & Platt Limited, a leading United Kingdom based international company specialising in fire protection, pumps and general machinery.

	1977*	1976
Group revenue	SA281 million	SA140 million
Profit before tax	SA15.9 million	SA9.4 million
Profit after tax	SA9.3 million	SA5.6 million
Dividends per ordinary stock unit	17.5 cents	14.25 cents
Earnings per ordinary stock unit	42 cents	38 cents

\*Includes Mather & Platt Limited for 6 months

Wormald International Limited is a world leader in fully integrated and sophisticated fire and security systems. Manufactures a wide range of pumps, operates a general engineering business which concentrates on process machinery and multi-purpose valves, and provides a range of electronic and physical security and surveillance services.

The results which are a significant achievement in what must be regarded as a difficult year, reinforce the belief that continued international expansion by Wormald International Limited and dedication to research are the major sources of strength.

Wormald International Limited is well positioned internationally with its product portfolio, geographical spread and management strengths to meet its growth objectives and it looks to the future with optimism, despite many uncertainties on the economic horizon.

**WORMALD INTERNATIONAL LIMITED**  
Alexander & Ernest Streets,  
Crows Nest, New South Wales,  
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W1.11242

### BIDS AND DEALS

# Approach to Edinburgh and Dundee

BY KEITH LEWIS

A take-over bid could be on the way for Edinburgh and Dundee Investment, a 90m. investment trust in the Scottish Bailie Gifford stable. The approach, from an unnamed party, promises to revive interest in the investment trust sector which this year has seen a boom of merger activity.

British Rail Pension Funds set the ball rolling at the beginning of 1977 with a 230m. bid for Standard Investment Trust. Following an improved offer from "Britrailpen," Schlesinger Trust Managers entered the scene with two suggestions for utilisation of the fund, but the issue was finally settled by Prudential Assurance which stepped in with an agreed 13m. offer in March.

In April this year, Commercial Union succeeded with a 50m. take-over of Exister House Investment Trust, the group formed out of a merger of the 19 companies that at one time represented the interests of the late Sir Denis Lawson.

Other bids for investment trusts have come from the Guinness Peat Group—for London Electric and General Trust—and from European Ferries, which made a successful offer for English and Caledonian Investment.

However this is the first Scottish trust group to come under attack. Rumour in the Stock Market suggests that the bid could come from abroad, possibly from Robeco or Ralston, the Dutch investment houses, though there is also considerable speculation that one of the large institutions—possibly an insurance company or a bank—could be behind the approach.

The acquisition of a trust such as Edinburgh and Dundee, with a sound portfolio of UK and overseas equities could represent a method of either gaining a first class portfolio at a reasonable price or else an alternative to a rights issue.

Other trusts managed by Bailie Gifford include the slightly larger Scottish Mortgage Trust, Monks Investment Trust and Winterbottom Trust. With the exception of Winterbottom, on a discount of 29-27 per cent. The portfolio of Edinburgh and Dundee includes the following:

1. **ASSOCIATES DEALS**  
A. Henry Schroder Wang purchased 5,000 Reynolds Parsons Ordinary shares at 22p on September 16 on behalf of associates.

De Zoete and Bevan on September 13 carried the following transactions: (1) On behalf of associates of British Electronic

Controls sold 312,000 British Electronic Ordinary shares at 29p.

(2) On behalf of discretionary investment clients sold 104,000 British Electronic Ordinary shares at 29p.

(3) On behalf of National Development Capital, an associate of SRE Electronics bought 20,000 British Electronic Ordinary shares at 29p.

**Costain agrees £8m. for Kwikform**  
International construction giant Richard Costain announced yesterday that it had reached agreement on the terms of an 8m. offer for the whole of the equity of scaffolding manufacturer, Kwikform.

The offer price, which has already been irrevocably accepted by Kwikform's directors and family interests who control 40 per cent. of the shares, is 15p in cash. The other major shareholder, Industrial and Commercial Finance Corporation, which owns 13 per cent. has announced its intention to accept.

Both companies and their advisers (Charterhouse) J. J. J. for Kwikform and Lazard Brothers for Costain) believe that the take-over makes sound sense. Costain has used Kwikform scaffolding for many years in projects at home and abroad. Kwikform now generates 47 per cent. of its business and 77 per cent. of its trading profits from overseas work. The financial resources of Costain are ample. It is increasing its penetration abroad, particularly in getting stocks to overseas markets where Costain already operates.

The offer price compares with a price for Kwikform shares of 12p just before they were suspended in early February morning. In the past fortnight the shares have risen steadily from 11p to 12p which is a 12-month peak.

**NO PROBES**  
Mr. Roy Hattersley, Secretary of State for Prices and Consumer Protection, has decided not to refer the following merger to the Monopolies and Mergers Commission:

Coalite and Chemical Products and Charringtons Industrial Holdings. Turner, Newall and Star have intention to acquire Group and GHP Group. Delta Components Holdings and Ewarts; Credit Commercial de France and Banque Internationale pour l'Occidentale and the Harman and International Banks.

### Houchin agrees £4.7m. offer

A 24.7m. agreed bid for Houchin, which makes ground equipment for aircraft, has been announced by Dale Electric, makers of standby generators. Undertakings to accept the offer have been received in respect of 41.4 per cent. of the shares, while directors holding a further 8.4 per cent. say they also intend to accept.

The terms are 15 Dale shares for every 8 shares in Houchin. Dale will also provide a full cash alternative from its own resources amounting to not less than 190p a share. Houchin's shares were suspended at 132p, while Dale shares closed 5p down at 106p.

The new Dale shares will not rank for the interim dividend of 1.22p or for the third interim dividend of 0.022p payable later this month.

Dale is forecasting that its interim offer document will show that interim profits to June were about £1.1m (£1m) and for the six months to December will show an increase over the comparable period last year.

# Dolan Pkg. turns in £3.16m.

IN LINE WITH the £3.1m. profits estimate made at the time of the increased offer by ASGI Group, Dolan Packaging reports a 5 per cent. increase of £3.16m. for the year to July 2, 1977, compared with £2.35m. for the previous 53 weeks. Turnover was ahead from £15.28m. to £19.04m.

In July, in addition to the estimate, the directors announced a three-for-one scrip issue and an amended special second interim dividend of 1.1437p which raises the total to 2.3248p (2.08105p) net. Earnings per 10p share are shown to be up at 17.37p (12.54p).

At half-year profits ahead from £1.1m. to £1.5m., were reported by the directors, who also forecast a second half improvement.

The ASGI Group offer was accepted last month.

**SHARE 'STAKES'**  
Dunlop Peppers Trust has sold 20,000 shares. Holding is now below 5 per cent.

**Peachey Property Corporation**—Informed by Allied London Properties that it has an interest in 1.35m. Peachey shares (8.32 per cent.).

**Peachey Property Corporation**—1,500,000 (8.68 per cent.).

**Brooks Group**—Racial Electronics has acquired a further 150,000 shares increasing interest to (28.9 per cent.).

**Racial Electronics**—Mr. Harrison, a director, has 20,000 Ordinary shares, 10,000 on September 20, 1977.

**Standard English Stock**—Gordon, chairman, has 7,000 Ordinary shares. Marks and Spencer—Sir Joseph Siffert sold 5,000 shares.

**John Lewis and Co.**—Eag Insurance purchased on 9th September 20,000 shares, 5 per cent. cumulative preference, increasing interest to 2.87 per cent.

**Jokal Tea Holdings**—Long Holdings has sold its total holding of 45,000 (28.23 per cent.) Preference shares. Assurance Holdings has sold its holding of 100,000 (28.9 per cent.).

**Discolon houses** paid 4p for secured call loan early part and closing 3p were taken at 3.4 per cent. In the interbank market, overnight loans opened at 3 per cent. and remained fairly flat after the afternoon, when they fell to 3.4 per cent. at the close.

Rates in the table below are nominal in some cases.

Sept. 20 1977	Starting Certificate of deposit	1 month	3 months	6 months	1 year	2 years	3 years	4 years	5 years	Over 5 years
1.15	1.15	1.15	1.15	1.15	1.15	1.15	1.15	1.15	1.15	1.15

Local authorities and private houses: seven days' notice, others: seven days' notice. Long-term local authority rates: monthly, three years 8.5 per cent. (four years 9.0 per cent.). Five years 9.5 per cent. (six years 10.0 per cent.). Bank bills: 91 days 10.5 per cent. (90 days 10.0 per cent.).

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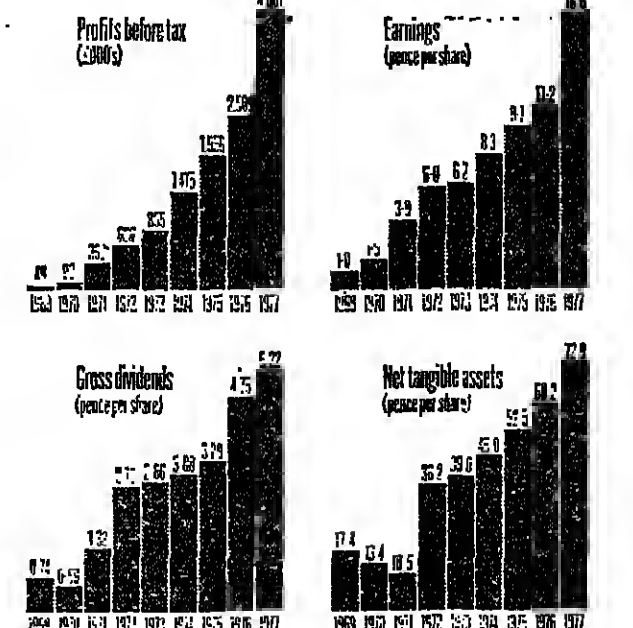
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# THE NINE YEAR RECORD OF DIPLOMA

Profits before tax and earnings, dividends and assets per share



"An analysis of the prospects for the principal activities within the Group continues to provide cause for optimism as we mostly operate in sectors where excellent long term growth opportunities exist."

Extract from Chairman's Statement 7th September, 1977. ELECTRONIC DISTRIBUTORS - STEEL STOCKHOLDING STEEL OFFICE FURNITURE - ENGINEERING

**DIPLOMA INVESTMENTS LTD**  
20 Bunhill Row London EC1Y 8LP  
Telephone: 01-638 0934

# Furness Withy price 'too high'

BY MARGARET REID

European Ferries, which remains interested in a bid for the big Furness Withy shipping group despite a rebuff in the summer from the Furness Board, has not bought a single Furness share apart from the 499 per cent. stake purchased from Euro-canadian shipholdings.

This was stated yesterday by European Ferries chairman, Mr. Keith Wickenden, who said he regarded the present price as too high. Furness shares closed 10p lower last night at 42 1/2p, which leaves them 36p higher than on Monday last week when the earlier abortive bid talks were disclosed.

"We're not proposing to buy more Furness shares at this level," he added. "If the price comes back, then maybe we will." Euro-canadian has been given 21 years from now to reduce its holding in Furness to no more than 10 per cent. Mr. Wickenden said no firm conclusions had been reached in a recent conversation he had with Mr. Frank Narby, chief executive of Euro-canadian, to whom he expected to talk again before the end of this week. His feeling was that the present price of Furness shares was as much as the company was worth, if not more.

Indications are that no deal is immediately in the offing for European Ferries to buy the rest of Euro-canadian's stake in Furness. "We don't expect to make an early offer for the holding," Mr. Wickenden said.

It appears that European Ferries would only want to proceed if it saw a clear way to success for a full takeover of Furness. Presumably, this would involve overcoming the opposition of Furness' Board.

"I would think that if we do bid—and it's a big if—it will be a question of months rather than weeks," Mr. Wickenden said last night. "I would be very unwilling to bid unless I was very certain I would win." He had not present plans for further talks with the Furness Board.

**TWO KEYSER—TRUSTS ACQUIRE 18.5% OF BRIT. BENZOL**  
Two Keyser-Ullmann investment trusts, Thorncroft Trust and New Thorncroft Trust, have between them acquired 18.53 per cent. of the shares of

British Benzol Carbonising. The shares were purchased through the market on a purely investment basis. "We believe the company has promise as a medium to long term investment, with a steady upward price, purchasing any more shares."

In June the 41 per cent. stake in British Benzol owned by the Bank Bridge Group was placed with institutions, British Benzol does not believe that there is any other holder, apart from the Bank Bridge Group, of more than 5 per cent.

**BHG expands in France**  
BHE by cash of Frs.3.62m. (£21,630) and will issue 2,037,088 new Barrow Hephurn Ordinary shares. These shares will be held by Unigrains and associates who have undertaken not to dispose of any for a period of two years.

Following the transactions mentioned above, the total shareholding of BHE will be Frs.4.1m. (£25,500)—financed by amounts received from Barrow Hephurn and Unigrains by way of subscription for its own share capital—in two existing (tannin) trusts.

BHE will subscribe Frs.1.6m. for 10 per cent. of the capital of the new BHE (the capital in Societe Nouvelle d'Exploitation Tanneries Francaises Reunies owned by Unigrains and its associates; BHE will also subscribe Frs.2m. for 20 per cent. of the capital in Tanneries de Bort at net tangible assets of Frs.10m.).

The transactions are conditional upon all such British and French Governmental and other consents as may be necessary. Profits before tax of Fr. 1.1m. for 1976 were £6,850,000. At December 31, 1976, net tangible assets of Fr. 1.1m. were approximately £6,850,000.

Barrow Hephurn is forecasting an increase in dividends payable in respect of 1977 of 121 per cent. above those declared in respect of 1976. In the context of the placing of new shares to provide the substantial cash element in this acquisition, the Treasury have agreed this increase.

**W. J. REYNOLDS HOLDINGS**  
Points from the Interim Statement by Mr. Roger W. Marsh, Chairman:

\* The Group profit before taxation for the first six months of 1977 shows a very welcome improvement over 1976. Turnover rose by 55% over the same period last year, and profit before taxation by 17%. The main reason for the considerable improvement lies in car sales. Despite Ford Motor Company's production problems we have sold more new cars than last year at higher unit gross profits.

This advertisement appears as a matter of record only.

AMETHYST SHIPPING INC.  
ZIRCON SHIPPING INC.  
**US \$14,600,000**  
Fixed Interest Rate Loan to assist with the acquisition of two refrigerated cargo vessels.  
provided by  
**The Royal Bank of Canada**  
**Oceanic Finance Corporation Limited**  
vessels managed and operated by  
Uiterwyk Corporation  
Tampa, Florida

INTERIM RESULTS 6 months to Year to 30th June 30th June 31st Dec. 1977 1976 £'000 £'000 £'000

Turnover 10,167 6,558 13,673  
Profit before Taxation 171 81 103  
Earnings per share 2.05p 0.69p 1.4p

FORD MAIN DEALERS IN ESSEX AND EAST LONDON  
Head Office:  
Ford House, New Road, Dagenham, Essex R39 6EX.

**Transocean Gulf Oil Company**  
9% Guaranteed Debentures Due 1985

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the indenture dated as of October 15, 1977 under which the above-described Debentures are issued, \$2,000,000 aggregate principal amount of Debentures of the following classes and numbers have been selected for redemption on October 15, 1977 in accordance with the terms of the indenture:

Class	Number	Principal Amount
1	912 2078 3414 4516 5516 6710 7905 8980 10648 12960 15628 16688 18217 19556 17788	1,000,000
2	14 223 2085 3439 4517 5997 6722 7918 8981 10702 12598 15430 16671 18219 19560 17792	1,000,000
3	21 58 2101 3451 4521 5998 6727 7923 9004 10725 12621 15453 16694 18242 19583 17815	1,000,000
4	30 94 304 1022 1455 4537 5617 6753 7959 9040 10761 12657 15489 16730 18278 19619 17851	1,000,000
5	38 109 212 358 467 1467 1752 2832 3912 5032 6112 7833 9074 10215 11356 12497 13638 14779 15919	1,000,000
6	46 297 2150 3477 4596 5798 6828 7980 9116 10223 12078 13689 14719 16533 18070 19617	1,000,000
7	54 389 2172 3538 4657 5859 6889 8041 9177 10284 12139 13750 14780 16594 18131 19678 17910	1,000,000
8	62 481 2194 3560 4679 5881 6911 8053 9189 10316 12171 13782 14812 16626 18163 19710	1,000,000
9	70 573 2216 3582 4701 5903 6933 8075 9211 10338 12193 13804 14834 16648 18185 19732	1,000,000
10	78 665 2238 3604 4723 5925 6955 8097 9233 10360 12215 13826 14856 16670 18207 19754	1,000,000
11	86 757 2260 3626 4745 5947 6977 8119 9255 10382 12237 13848 14878 16692 18229 19776	1,000,000
12	94 849 2282 3648 4767 5969 7001 8143 9279 10406 12261 13872 14902 16716 18253 19800	1,000,000
13	102 941 2304 3670 4789 6011 7041 8183 9315 10442 12283 13894 14924 16738 18271 19813	1,000,000
14	110 1033 2326 3692 4803 6033 7063 8195 9327 10470 1230	







HOME NEWS

Head urges public schools to yield some independence

BY MICHAEL DIXON, EDUCATION CORRESPONDENT
PUBLIC SCHOOLS were yesterday urged to give up some of their independence to help the government bring education more into line with the nation's needs.

More space for cycles

LONDON TRANSPORT has increased free cycle storage facilities at some Underground stations, including Watford, Chesham and Moor Park.

Wholesaler-run grocers join Retail Consortium

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT
THE THREE highest wholesaler-run voluntary groups of grocers confirmed yesterday that they had decided to join the Retail Consortium.

'Counter Marxist' appeal

AN APPEAL to non-Communists, particularly in universities and polytechnics, to speak out against an increasing attack by Marxist minorities on the basic values of society, was published yesterday by the Institute for the Study of Conflict.

Anglers to have own exhibition

AN INTERNATIONAL fair for anglers, the first in Britain, is to be held next May at the National Exhibition Centre, Birmingham.

Thatcher takes trip North to woo Scots

BY RAY FERMAN, SCOTTISH CORRESPONDENT
MRS. MARGARET THATCHER month with trips by Mr. Denis Healey, Chancellor, Dr. David Owen, Foreign Secretary, and Mr. Eric Varley, Industry Secretary.

Liberal lose Hain to Labour

BY IYOR OWEN, PARLIAMENTARY CORRESPONDENT
MR. PETER HAIN, 2 figure among the young for many years, resign the Liberal Party yesterday.

Tory MP faces key constituency vote

BY RICHARD EVANS, LOBBY EDITOR
A KEY DECISION on Mr. Nicholas Scott's future as Conservative MP for Chelsea will be made Tuesday when the local party executive meets to decide whether he should submit himself for re-selection.

Lofts was

INDUSTRY and housing officials are looking to give the Liberal Party a radical image as it holds office as both and president.

Caravan converters to make small buses

BY TERRY DODSWORTH, MOTORING CORRESPONDENT
DEVON CONVERSIONS of Sidmouth, one of Britain's leading motor caravan converters, is diversifying into the small hot market with a range of Volkswagen-based mini and midi buses.

'Congestion at ports' concern

BY OUR OWN CORRESPONDENT
SERIOUS CONCERN over continuing severe congestion in many ports was voiced at the International Union of Marine Insurance annual conference at Montreux yesterday.

Increased Profits

Mr. J. D. Saville, Chairman, commenting on results of the year to 30th April 1977 said: "Year under review has not been without its ups and downs, and it is therefore most gratifying to find an increase in trading profits, albeit a modest one."

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INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
Washington, D. C.
DM 150,000,000
Private Placement
5 1/2% Bearer Notes of 1977, due 1982
Deutsche Bank Aktiengesellschaft
Dresdner Bank Aktiengesellschaft

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
Washington, D. C.
DM 300,000,000
6% Deutsche Mark Bonds of 1977, due 1985
Interest: 6% p. a., payable on September 15 of each year
Redemption: on September 15, 1985 at par
Listing: at all German Stock Exchanges
Issue Price: 100%

Deutsche Bank Aktiengesellschaft
also for Berliner Disconto Bank Aktiengesellschaft
Dresdner Bank Aktiengesellschaft
also for Bank für Handel und Industrie Aktiengesellschaft
Commerzbank Aktiengesellschaft
also for Berliner Commerzbank Aktiengesellschaft
Westdeutsche Landesbank Girozentrale
Badische Bank Bayerische Hypotheken- und Wechsel-Bank
Joh. Berenberg, Gossler & Co.
Bankhaus Gebrüder Bethmann
Delbrück & Co.
Deutsche Länderbank Aktiengesellschaft
Effectenbank-Warburg Aktiengesellschaft
Handelsbank Heilbronn AG
Georg Hatzek & Sohn
Bankhaus Hermann Lampe Kommanditgesellschaft
Landesbank Schleswig-Holstein Girozentrale
Nationalbank Aktiengesellschaft
Sal. Oppenheim Jr. & Cie.
Saarländische Kreditbank Aktiengesellschaft
Schwabische Bank Aktiengesellschaft
Trinkaus & Burkhardt
Westfalenbank Aktiengesellschaft
Württembergische Kommunale Landesbank Girozentrale
Allgemeine Deutsche Credit-Anstalt
Badische Kommunale Landesbank - Girozentrale -
Bayerische Landesbank Girozentrale
Berliner Bank Aktiengesellschaft
Bremer Landesbank
DG Bank Deutsche Genossenschaftsbank
Deutsche Unionbank G.m.b.H.
Hallbaum, Maier & Co.
Handels- und Privatbank Aktiengesellschaft
Hessische Landesbank - Girozentrale -
Landesbank Rheinland-Pfalz - Girozentrale -
Merck, Finck & Co.
Norddeutsche Landesbank Girozentrale
Reuschel & Co.
Karl Schmidt Bankgeschäft
Simonbank Aktiengesellschaft
Vereins- und Westbank Aktiengesellschaft
Württembergische Bank
Bankhaus H. Aufhäuser Aktiengesellschaft
Bank für Gemeinwirtschaft
Bayerische Vereinsbank
Berliner Handels- und Frankfurter Bank
Richard Daus & Co. Bankiers vormals Hans W. Petersen
Deutsche Girozentrale - Deutsche Kommunalebank -
Conrad Hinrich Donner
Hamburgische Landesbank - Girozentrale -
Hardy-Sloman Bank GmbH
von der Heydt-Kersten & Söhne
Landesbank Saar - Girozentrale -
B. Metzler see. Sohn & Co.
Oldenburgische Landesbank Aktiengesellschaft
Gebr. Röchling Bank
Schroder, Münchmeyer, Hangst & Co.
J. H. Stein
M. M. Warburg-Brinckmann, Wirtz & Co.

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INTERNATIONAL FINANCIAL AND COMPANY NEWS

مكثامن الأرحيل

r takes  
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ENNI

RI loss rises £300m.

ROME, Sept. 20. IRI's loss in 1975 in 25.6 per cent. last year, although rates have fallen during the last six months, although much less so than in world markets generally. In its sectoral analysis, the company said that its steel division lost £128m. last year, while the troubled Alfa Romeo car subsidiary lost £58m. its thermo-electrical and nuclear activities some £50m., its shipyards £30m., Alitalia £27m., and the confectionery group, Unidol, which IRI now proposes to liquidate, £15m. IRI's banking and telecommunications activities reported a combined profit of £63m. The company has yet again stressed the need for an urgent capital reconstruction of many of its major subsidiaries, pointing out that it had received no help last year from the government's capital endowment fund. The chairman of IRI, Sig. Giuseppe Petrili, has already told the government that the company will have to spend about £500m. before the end of this year on capital reconstruction operations in a number of its subsidiaries in order to cover legal requirements for 1977-78. IRI's overall financial requirements for 1977-78 are understood to total some £400m. Meanwhile, IRI is now at the centre of a major political controversy over the proposed sale of its profitable engineering subsidiary, Condotte d'Acqua, to a private Italo-American group. This has provoked a serious confrontation between the Andreotti Government and the country's trade unions, the latter being particularly opposed to the sale of Condotte d'Acqua out of the public sector.

W. GERMAN TYRE MERGER

One more defensive measure

BY GUY HAWTIN IN FRANKFURT

FEW OTHER AREAS of West German industry have been hit as badly by the steadily rising value of the Deutsche Mark as the tyre industry. Each percentage point upwards has strengthened the position of its foreign competitors, at the same time as weakening its own ability to compete in the home market as a result of higher comparative overheads. West German industry as a whole has avoided the full effects of revaluation, owing to its willingness to rationalise and the general excellence of its products. The tyre manufacturers have not had the same latitude or for lack of attempts to improve productivity—but more because of consumer reaction to far lower import prices. German consumers seem to be addicted to West German produced goods in much the same way that the British were attached to the home produced article in these long gone days of the early 1960s. However, a West German motor industry analyst said today: "Motorists in the Federal Republic demand a very high technical standard in their motor cars. They want quality and reliability in virtually every area. This attitude, however, does not necessarily extend to tyres. To most motorists, they are the things that merely hold the car off the ground." It has been apparent for some time that the West German motorist has been turning increasingly to imports for replacement tyres. Imported tyres, particularly those from low wage cost countries, substantially undercut the home produced articles and in January this year accounted for 60 per cent. of the lucrative replacement market. Most West German car manufacturers use West German manufactured tyres on their

products; but according to industry analysts here, manufacturers prune original equipment profits to the bone, in order to pick up the much more profitable replacement trade. Increased fuel costs, coupled with inflation generally, have made the West German motorist far more cost conscious. More and more are shopping around. Not only that, but the tyre makers are also facing competition from imports in their traditional markets—the car manufacturers themselves. In January it was reported that products from abroad accounted for 16 per cent. of sales to makers. Continental Gummis-Werke, Phoenix Gummis-Werke and their rival the Metzeler group, have all been to considerable lengths to solve their own problems. Basically, all have pursued the same goal—that of rationalising tyre production at the same time as expanding substantially their output of technical rubber products; an area where the profit is far higher and the competition less cut-throat. Over the year, Phoenix has radically increased the role that tyre production plays in sales—turnover in the tyre sector has fallen back from 39 per cent. of total turnover in less than 40 per cent. Much the same of Continental—even if, at the end of the first quarter, this year, its profit margin was to achieve a major decrease in its accumulated loss. Metzeler's position is also one of continuing deficit. It would be wrong to assume from this that the West German tyre manufacturers have been apathetically abandoning the home market to the importers. Their strategy has been to move up the market, to produce more technologically advanced tyres such as the high quality steel-belted radials—the problem being that the very durability of these tyres has tended to depress demand for replacement. All of this tends to indicate that there is a great deal of sense

SWISS COMPANIES

Swissair to spend Sw.Fr. 2bn

BY JOHN WICKS

ZURICH, Sept. 20.

SWISSAIR is to aim for about the same financial result in 1978 as that anticipated for this year, according to airline sources. This is seen as providing necessary resources for the early 1980s, when Swissair investments in aircraft and other plant and equipment could reach between Sw.Fr.2bn. and Sw.Fr.3bn. The airline's Board had already told shareholders in a mid-year letter sent late last month that 1978 income this year so far was substantially higher than in 1976—by \$1.7 per cent. in the first half of Sw.Fr.131.6m.—and that a good result was expected for 1977 as a whole. Next year, Swissair projects a 7 per cent. rise in operating kilometres offered, and hopes for a five in line revenue of between 6 and 7 per cent. improvement in profits, despite gratifying growth rates for new orders and sales. In a letter to shareholders, parent company Schindler Holding AG, of Hergiswil, says that profit margins are shrinking without the group being able to cushion by corresponding cuts in costs. In individual group companies, Schindler expresses concern with regard to the employment prospect for 1978. In the first half of 1977, new orders received had a value of Sw.Fr.831.1m., 16.7 per cent. up on the same period of last year, while orders for lifts and escalators rose by only 5.4 per cent. to Sw.Fr.538.3m., those for diversification products jumped by 53.4 per cent. to Sw.Fr.112.5m. Actual group turnover was higher by 5.1 per cent. than for January-June, 1976, at Sw.Fr.548.9m. (Sw.Fr.522.1m.), thanks in a 6.3 per cent. improvement, in lift and escalator billings to Sw.Fr.468.3m. diversification turnover dropped slightly over the same period to Sw.Fr.80.6m.

VFW-Fokker denial

BY ADRIAN DICKS

BONN, Sept. 20.

THE MANAGING director of VFW-Fokker's German operating company in Bremen, Herr Bernd Heide, has strongly denied last night that his company is in any liquidity difficulties. He was responding to a growing chorus of concern from trade union leaders and local politicians in north Germany about the ability of the Dutch-German company to continue in operation, or even to pay next month's wages bill, unless it receives a massive injection of public industry funds. Herr Kosegarten conceded that VFW-Fokker might need some form of rationalisation, while leaving it up to the Government or from the state parties themselves to work this out. The union representatives in Bremen and Lower Saxony, where its principal German factories could face massive job-cuts as a result of the lack of sales of the VFW 614 short-range jet airliner.

Schindler prospects

THE SWISS-BASED lift group over the same period to Schindler foresees no short-term Sw.Fr.80.6m.

EUROBONDS

Dollar sector revives

BY FRANCIS GHILES

AFTER a very flat day on Monday the secondary bond market revived somewhat yesterday. Turnover improved, especially in the morning as prices moved up on eighth across the board, at least in the dollar sector. The most recent issues—worse hit last week, moved up by up to a quarter. The \$20m. bullet for Denki Kagaku Kogyo KK due 1983 has been priced at 90 bearing 7 1/2 per cent. coupon to yield 8 per cent. at maturity. Lead manager is Nikko Securities (Europe). Borrowers include the World Bank, Venezuela, Denmark, and the Korea Development Bank, on Monday at 98 1/2, after being priced on Friday at 99 1/2, but value of December issues will exceed that of November which America, was said to be good.

Petersville wins

S FORTH SYDNEY, Sept. 20.

THE current Australian recommendation, withdrew after the struggle for major local food group Petersville Meats—was ville Australia announced a y, but the contest for SA3.90 cash counter offer. As a measure of the Brisbane and Wunderlich and Wunderlich when WA group Bell Bros Meat Industries, announced it intended to make already offered SA3.35 a formal partial offer for 25 per cent. for Berrima and cent. of Brisbane and Wunderlich Board intended to lib's capital.

AMERICAN NEWS

Fuqua \$50m. takeover offer

BY STEWART FLEMING

FUQUA INDUSTRIES, which recently lost out to Norton Simon in a bid battle for tire car group Avis, has launched a \$50m. offer for National Industries. Fuqua has bought 18 per cent. of National for \$10m., and said it intends to try to acquire the rest of the company with a tender offer and a share exchange offer. Both companies are highly diversified, with National having interests in metals, dairy products and transport, and Fuqua in transport and leisure interests among others. Combined sales for the two companies would be over \$1.4 bn. Last year, National earned profits of \$11m. on sales of \$675m. and Fuqua profits of \$13.6m. on sales of \$535m. In other bid news, Congoleum, another diversified corporation, has offered to buy Curtis Noll for \$59m. Congoleum has interests in flooring and mobile home furniture, and Curtis Noll is a marketing and distribution corporation serving automotive markets. Last year, Congoleum had sales of \$284m. but suffered a small loss. Curtis Noll's sales were \$131m. and net income of \$6m. First Colony Life, of Virginia, also announced that it is not opposing a tender offer for 20 per cent. and 30 per cent. of its stock from a German insurance company, Aacben and Munich Insurance. Aacben and Munich, which has insurance interests in western Europe and South America, is offering \$21 a share or a stake in First Colony, a company with a net worth of \$65.7m. or \$19.16 a share and a net income of \$2.5m. for the first six months of 1977. A 30 per cent. stake would cost \$23m. IBM in India INTERNATIONAL BUSINESS Machines has been told verbally by a member of the Indian Government's committee on the Foreign Exchange Regulation Act (FERA) that its proposal to continue operations in the country has been rejected, writes K. Sharma. This was announced by an IBM spokesman, who said that the Government told the multinational that it could continue to do business in India only if it were to give up 50 per cent. of its ownership of the company to Indians. The spokesman said IBM "believes that such equity dilution would seriously impair its ability to manage, an international high technology company that requires the sharing of resources and knowhow across national borders."

Natomas sees record

NATOMAS COMPANY expects 1977 earnings to reach a record level, with second-half earnings higher than was thought at one time, according to a statement released by the company.

Mr. D. L. Commons, the Natomas president, says that comments on earnings for the year attributed to him last week were incorrect in quoting him as forecasting second-half earnings roughly equal to first-half.

Taiyo Kobe Bank Ltd.

Notable Floating Rate U.S. Dollar Certificates of Deposit. Series A - Maturity date 22 September 1980



Consistent with the provisions of the Certificates of Deposit notice is hereby given that for the initial month interest period from 21 September 1977 to March 1978 the Certificates will carry an interest rate of 7 1/2 per annum. Agent Bank The Chase Manhattan Bank N.A., London

All these securities have been sold. This announcement appears as a matter of record only.

New Issue

Western Company of North America. \$32,500,000 of 10 3/4% Subordinated Debentures due September 15, 1997 with 845,000 Shares of Common Stock. Each Unit consists of \$500 principal amount of Debentures and 13 shares of Common Stock. The Debentures and Common Stock will not be transferable separately prior to December 1, 1977, or such earlier date as may be determined by the Company with the consent of the Underwriters. Smith Barney, Harris Upham & Co. Incorporated. Halsey Stuart Shields Incorporated. Blyth Eastman Dillon & Co. Incorporated. Drexel Burnham Lambert Incorporated. Lower, Weeks, Noyes & Trask Incorporated. E. F. Hutton & Company Inc. Incorporated. Kidder, Peabody & Co. Incorporated. Loeb & Co. Incorporated. Lazard Frères & Co. Incorporated. Lehman Brothers Incorporated. Loeb Rhoades & Co. Inc. Incorporated. Webber, Jackson & Curtis Incorporated. Reynolds Securities Inc. Wertheim & Co., Inc. Ritter & Co. Incorporated. Rauscher Pierce Securities Corporation. Shearson Hayden Stone Inc. SoGen-Swiss International Corporation. UBS-DB Corporation. 16, 1977

Stanley Electric Co., Ltd. (Stanley Denki Kabushiki Kaisha) 6,000,000 Shares of Common Stock (par value ¥50 per share) evidenced by European Depositary Receipts Issue Price U.S. \$1.79 Per Share (equivalent, at the rate of exchange adopted for the purpose, to ¥476 per share) Daiwa Europe N.V. Goldman Sachs International Corp. Banque Nationale de Paris Kleiwort, Benson Limited. Algemene Bank Nederland N.V. Amex Bank Amsterdam-Rotterdam Bank N.V. Banca del Gottardo Bank of America International Limited Bank Gntzwiller, Kurz, Bungeer (Overseas) Bank Mees & Hepe N.V. The Bank of Tokyo (Holland) N.V. Bankers Trust International Limited Banque Bruxelles Lambert S.A. Banque Francaise du Commerce Extérieur Banque de l'Indochine et de Suez Banque Internationale à Luxembourg S.A. Banque de Neufise, Schlumberger, Mallet Banque de Paris et des Pays-Bas Banque Rothschild Banque de l'Union Européenne Banque Vernes et Commerciale de Paris Banque Worms Barclays Bank International Ltd. Baring Brothers & Co., Limited Bayerische Vereinsbank Berliner Handels-und Frankfurter Bank Blyth Eastman Dillon & Co. International Limited Caisse de Dépôts et Consignations James Capel & Co. W. I. Carr, Sons & Co. Cazenove & Co. (Overseas) Chase Manhattan Limited Christiania Bank og Kreditkasse Compagnie Européenne de Placements Compagnie Monégasque de Banque Continental Illinois Limited County Bank Crédit Industriel et Commercial Crédit Lyonnais Creditanstalt-Bankverein Dai-ichi Kangyo Bank Nederland N.V. Daiwa Securities (H.K.) Limited DBS-Daiwa Securities International Limited Den Danske Bank of 1871 Aktieselskab Deutsche Girozentrale Deutsche Kommunalbank Dewaay Associates International S.C.S. Dillon, Read Overseas Corporation Dominion Securities Dresdner Bank Aktiengesellschaft First Boston (Europe) Limited Robert Fleming & Co. Limited Fujii International Finance Limited Hambro-Mitsui Limited Hessische Landesbank Girozentrale Hill Samuel & Co. Limited IBJ International Limited Jardine Fleming & Company, Limited Kuhn, Loeb & Co. Asia Lazard Frères et Cie Manufacturers Hanover Merrill Lynch International & Co. Mitsubishi Bank (Europe) S.A. Samuel Montagu & Co. Limited Morgan Grenfell & Co. Limited New Japan Securities Co., Ltd. The Nikko Securities Co., (Europe) Ltd. The Nippon Kangyo Kakumaru Securities Co. Ltd. Nomura Europe N.V. Okasan Securities Co. Limited Sal. Oppenheim jr. & Cie. Orion Bank Pierson, Holding & Pierson N.V. N. M. Rothschild & Sons Limited Rothschild Bank AG Salomon Brothers International Limited Sanwa Bank (Underwriters) Limited Saudi Arabian Investment Company Inc. J. Henry Schroder Wagg & Co. Limited Schroders & Chartered Singer & Friedlander Smith Barney, Harris Upham & Co. Incorporated Société Bancaire Barclays (Suisse) S.A. Société Générale Société Générale de Banque S.A. Société Ségnaunaise de Banque S.A. Strauss, Turnbull & Co. Sumitomo Finance International Svenska Handelsbanken Tokai Kyowa Morgan Grenfell Ltd. Trade Development Bank Overseas Inc. Vereins- und Westbank Aktiengesellschaft Vickers, Da Costa International Ltd. Wako Securities Company Limited S. G. Warburg & Co. Ltd. Wardley Limited Westdeutsche Landesbank Girozentrale Wood Gundy Limited Yamaichi International (Europe) Limited Yamatane Securities Co., Ltd. 1st September 1977



# INTERNATIONAL FINANCIAL AND COMPANY NEWS

## DUTCH COMPANIES

### Meneba dips into the red

BY MICHAEL VAN OS

AMSTERDAM, Sept. 20.

MENEBA, the Dutch flour, bread and foodstuffs manufacturer, suffered its first ever loss in the first half of this year and has applied for state financial assistance.

It has mentioned a figure of Fls.60m. spread over a four-year period, although the size of the aid, its shape, and whether it would receive it at all, still remains subject to negotiation with the Ministry of Agriculture.

The Board said at a press briefing on the publication of its half-year statement that although the company was in the process of a reorganisation programme, it was also expected to make a loss in the second half. Further, though reduced losses are anticipated for 1978, there should be a modest profit by 1979.

Meneba, which made a profit of just Fls.200,000 in 1976, ended the first half of this year with a net loss of Fls.6.1m., compared with a Fls.2.5m. profit in the same period of last year. The company's losses were much more substantial, however, amounting to Fls.12.6m. (Fls. 3.1m. profit).

Meneba's turnover amounted to Fls.554.1m. in the first half of 1977, having totalled Fls.1.1bn. in the past year. Total costs were up to Fls. 171.98m. (Fls.164.7m.) in the period.

At the Press conference, the company's chairman, Mr. Frank Martin, cited a number of reasons for the disappointing performance. They included fluctuating raw material prices, falling bread consumption in Holland, the hard guller affecting exports, over-capacity in the sweetstuffs sector, negative impact of the "aren" currency to the EEC, negative results in the company's environmental sector and a considerable increase in interest charges.

Meneba singled out its animal feedstuffs division as a particular problem area that had been dealt with and revealed it had called in the McKinsey consulting company to advise on the situation.

### Another Canadian split-issue expected

By Jeffrey Brown

COINCIDING with the autumn savings campaign — traditionally part of the Canadian authorities' funding programme — the latest bond issue by the Canadian government could be limited to between \$Cdn. and \$Cdn. compared to the \$Cdn. raised by August's fixed term loan.

The terms of the new issue will be announced a week or Friday with market dealings starting the following Monday (October 3). Dealers expect another multiple tranche issue in line with the August government offering which came in four separate maturities ranging from three to 20 year money.

The amount of the new loan earmarked for the retail market could, however, be limited given that the Canadian government is already in the process of tapping the private investor via the savings bond campaign. In this event the heaviest weighting could be on any longer term tranche: the 20 year tranche raised in August a 91 per cent. loan dated 1997 and issued at 102 1/2 stands currently at 102 1/2 where it yields around 9 per cent.

Thus the yield differential between U.S. and Canadian longer term funds is more than a full percentage point. With the Canadian dollar beginning to show signs of stability in foreign exchange markets, dealers are predicting interest in the new government loan from American investing institutions.

## ITALIAN CHEMICAL COMPANIES FINANCING

### Into the political arena

BY PAUL BETTS IN ROME

WITH MOUNTING financial losses estimated to total this year some L1,000bn., or close on £700m., Italy's chemical companies in the next few weeks will face their moment of reckoning. Involved in expensive investment and restructuring programmes, these companies are now seeking, according to a Bank of Italy report, some L5,000bn. of credit facilities. Most of these facilities will be economically sound — an issue over which major doubts reign.

This week, the Board of Italy's largest chemical company, the controversial mixed private-State Montedison group, is scheduled to meet to report its half-year results to the Italian National Commission on the Bourgeois and Companies, the so-called CONSOB. The country's political forces must also analyse after repeated delays the setting up of a Montedison financial holding company grouping together the company's public shareholdings — a problem that has caused a political split, the Left demanding that the Milan conglomerate be made public, and the Right that it must retain its private character. More important, in strict commercial terms, the group must urgently find some L600bn. of fresh capital from the one source available to supply it, namely the State.

The Montedison group has already had to turn to the government's subsidised salary scheme, which involves the temporary laying-off of employees. It has pulled out of a joint three venture with the state-controlled chemical company ANIC at Ottanta in Sardinia. In France, it is at the centre of what has turned into a political row with proposals to lay off some 600 workers at the French textile subsidiary in the Vosges, Montefibre France. While the French, fearing a further loss of jobs ahead of their general election in the spring, are trying to trans-

form the Montedison decision into a diplomatic incident, the Italian authorities have unofficially pointed out that Montedison clearly had to start its labour rationalisation plans with its foreign subsidiaries, before making savage labour cuts at home.

The picture is equally gloomy for a smaller Italian chemical company, Liquigas. This week's Board also meets, and in its case there is a proposal to liquidate two of its plants in the depressed

Italiana Resine (SIR) group into the controlling syndicate of Montedison by buying what amounts to one of the highest single shareholdings in its rival company. In other cases, it has led in the construction of similar plants, as in the case of Otranto, on the same site.

The commercial consequences of this "war" between Italian chemical companies has been disastrous. While most competitors have managed to implement

against fine or secondary of chemicals, require huge investments, low employment and also low competition. In Italy, in effect, the country's own requirement of primary chemicals, leaving this low making sector to the foreign companies now c about 70 per cent. of the "market" and are likely to increase it, since Italian plants, with a few exceptions, are short of capacity, and are unlikely to reach such a level. This could bring about an even gap in Italy's chemical deficit.

The signs that something is done quickly and rat are already evident. Traditional Italian chemical companies, such as Montedison and SIR, at least in principle, deal with their former co-ordinating future investment programmes. But SIR produced a fierce reaction from the rival ANIC which with a turnover of L773bn. is one of the major chemical concerns. It would oppose any agreement by the two companies.

As to Montedison, its great chemical group — turnover is larger than the rival SIR, ANIC and I groups combined — is trying to find fresh cash number of devices, including recent sale of its profit subsidiary, the Lancia, to the IRI-Paolo di Torino.

In the long run, however, available money there have to come from this implies, in an Italy text, complex political and compromise national chemical plan. In one is the disproportionate development of petrochemicals and basic chemicals, or primary sector as drop into the political

### State aid totals Fls. 285m.

AMSTERDAM, Sept. 20.

THE DUTCH Economics Ministry said that financial aid granted to the domestic corporate sector totalled Fls.285m. in the first six months of this year. Over the rest of this year, individual companies can still be granted another Fls.340m., under the total funds available for the current year.

Although the minister indicated in a letter to parliament that the ministry would be tightening the norms without offering aid too abruptly, there has also been indications that the Government may be planning to free more funds for the troubled corporate sector next year.

In the letter to the leader of parliament Permanent Economic Committee, Minister Mr. Rudd Lubber said that of Fls.285m. granted in January-June, 1977,

loans amounting to Fls.73.7m. were granted to 14 companies. Interest-free advances to four companies, amounting to Fls.55.1m., subordinated loans totalling Fls.53.5m. went to 17 companies, donations "a fonds perdu" were Fls.7.9m. to eight companies, donations "a fonds perdu" were Fls.7.9m. to eight companies and various contributions to nine companies for which in certain cases the forms of aid have not yet been established was Fls.26.5m.

The number of jobs at the companies that received aid in the first half was 21,852. The largest number of companies, 28, was in the companies with personnel of 0-100 (Fls.49.4m.), the highest sum of aid granted in January-June, 1977, (Fls.118m.) was granted to three companies with more than 1,000 employees.

The Ministry does not stipulate which companies have received financial aid, although participants are eventually disclosed. However, many of the companies being granted for example subordinated loans have received publicity in the past. Broken down, nine companies have been granted more than Fls.5m., 21 between Fls.1m. and Fls.5m., 11 between Fls.0.5m. and Fls.1m., and 26 up to Fls.0.5m. of the nearly 70 companies that received aid, the lion's share was in the metal sector (32) followed by the textile sector (17). Metal companies received nearly half of the total sum (Fls.138.4m.), with the textile companies being granted Fls.78m. of the remainder.

### Loans for the Philippines

BY FRANCIS GHILES

ABU DHABI Investment Company is becoming, six months after its inception, active as a lead manager in syndicated medium term credits. A few months ago it lead-managed a loan for the Emirates Telecomunications Corporation. Last month it lead-managed a \$17m. secured seven-year loan for Abdul Jalil Al Fahim and Sons; the proceeds are earmarked for the construction of a Holiday Inn project in Abu Dhabi.

Abu Dhabi Investment Company is now leading a syndicate of banks which is raising \$75m. for Philippine National Bank. The sum was increased from an initial \$50m., maturity is seven years and the spread 1 1/2 per cent.

over Lihor. One of the reasons the bank got the mandate appears to be that the authorities in the Philippines were keen to involve an Arab bank in a leading position.

Just signed in Manila is another \$75m. loan, this time for the Development Bank of the Philippines. The terms are identical to the aforementioned one. There are three co-lead managers: Manufacturers Hanover Asia Ltd., Citicorp International and Bankers Trust Asia Ltd. Meanwhile the latest Mexican fund raising operation has gone extremely well, with the initial amount of \$1bn. being raised to \$1.2bn. Terms are unchanged from those originally announced: a margin of 1 1/2 per cent. over Lihor and a maturity of seven years.

These terms are very much in line with those recently obtained by Mexican borrowers but the front end fees are understood to be lower which suggests that Mexico might well obtain a lower spread the next time it comes to the market.

The syndicate of banks which is arranging this loan includes Bank of America, Deutsche Bank, Lloyds Bank International and Morgan Guaranty. The more than 25 banks in the management group will all be on an equal footing with their name appearing alphabetically on the toshstone.

### Sth. Pacific Properties

GROUP purchased net attributable profit of Southern Pacific Properties fell to \$HK\$20,000 from \$HK\$34m. in six months ended June 30, Beuter reports from Hong Kong.

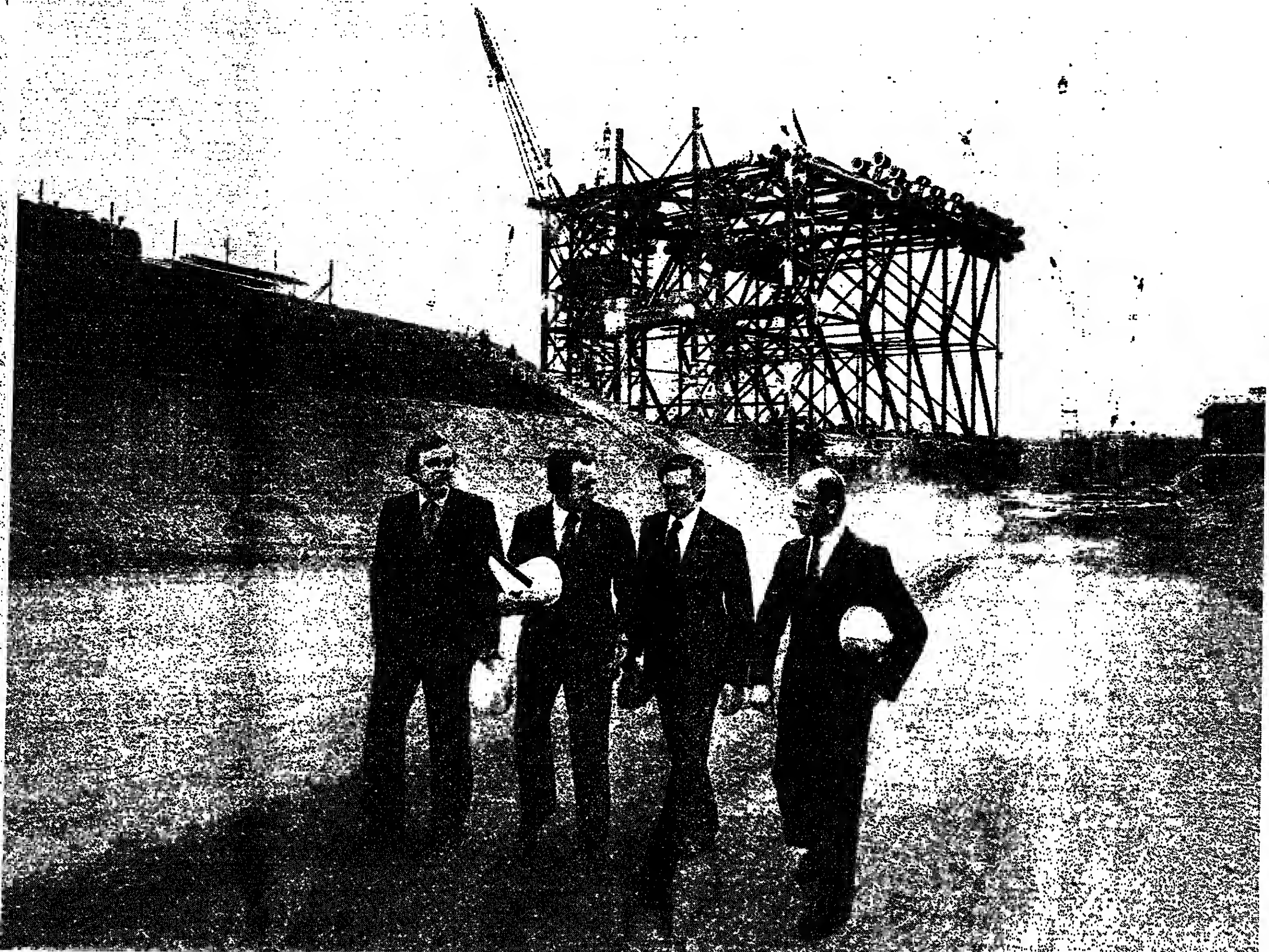
An improvement in hotel trading in Australia and New Zealand is expected to co-ordinate, and Fiji operations, which showed increased losses in the first half, show some signs of renewed optimism. But the total beneficial impact of these factors on the year's profitability "is not expected to be material."

Five hotels in Australia have been sold at a book loss of \$HK\$1m. and this is reflected in operating profits.

STRAIGHTS		SELECTED EURODOLLAR BOND PRICES	
Issue	Offer	Issue	Offer
A&W 1980	98 1/2	Midland 1987 8 1/2	98 1/2
A&W 1981	99 1/2	Midland 1988 8 1/2	98 1/2
A&W 1982	100 1/2	Midland 1989 8 1/2	98 1/2
A&W 1983	101 1/2	Midland 1990 8 1/2	98 1/2
A&W 1984	102 1/2	Midland 1991 8 1/2	98 1/2
A&W 1985	103 1/2	Midland 1992 8 1/2	98 1/2
A&W 1986	104 1/2	Midland 1993 8 1/2	98 1/2
A&W 1987	105 1/2	Midland 1994 8 1/2	98 1/2
A&W 1988	106 1/2	Midland 1995 8 1/2	98 1/2
A&W 1989	107 1/2	Midland 1996 8 1/2	98 1/2
A&W 1990	108 1/2	Midland 1997 8 1/2	98 1/2
A&W 1991	109 1/2	Midland 1998 8 1/2	98 1/2
A&W 1992	110 1/2	Midland 1999 8 1/2	98 1/2
A&W 1993	111 1/2	Midland 2000 8 1/2	98 1/2
A&W 1994	112 1/2	Midland 2001 8 1/2	98 1/2
A&W 1995	113 1/2	Midland 2002 8 1/2	98 1/2
A&W 1996	114 1/2	Midland 2003 8 1/2	98 1/2
A&W 1997	115 1/2	Midland 2004 8 1/2	98 1/2
A&W 1998	116 1/2	Midland 2005 8 1/2	98 1/2
A&W 1999	117 1/2	Midland 2006 8 1/2	98 1/2
A&W 2000	118 1/2	Midland 2007 8 1/2	98 1/2
A&W 2001	119 1/2	Midland 2008 8 1/2	98 1/2
A&W 2002	120 1/2	Midland 2009 8 1/2	98 1/2
A&W 2003	121 1/2	Midland 2010 8 1/2	98 1/2
A&W 2004	122 1/2	Midland 2011 8 1/2	98 1/2
A&W 2005	123 1/2	Midland 2012 8 1/2	98 1/2
A&W 2006	124 1/2	Midland 2013 8 1/2	98 1/2
A&W 2007	125 1/2	Midland 2014 8 1/2	98 1/2
A&W 2008	126 1/2	Midland 2015 8 1/2	98 1/2
A&W 2009	127 1/2	Midland 2016 8 1/2	98 1/2
A&W 2010	128 1/2	Midland 2017 8 1/2	98 1/2
A&W 2011	129 1/2	Midland 2018 8 1/2	98 1/2
A&W 2012	130 1/2	Midland 2019 8 1/2	98 1/2
A&W 2013	131 1/2	Midland 2020 8 1/2	98 1/2
A&W 2014	132 1/2	Midland 2021 8 1/2	98 1/2
A&W 2015	133 1/2	Midland 2022 8 1/2	98 1/2
A&W 2016	134 1/2	Midland 2023 8 1/2	98 1/2
A&W 2017	135 1/2	Midland 2024 8 1/2	98 1/2
A&W 2018	136 1/2	Midland 2025 8 1/2	98 1/2
A&W 2019	137 1/2	Midland 2026 8 1/2	98 1/2
A&W 2020	138 1/2	Midland 2027 8 1/2	98 1/2
A&W 2021	139 1/2	Midland 2028 8 1/2	98 1/2
A&W 2022	140 1/2	Midland 2029 8 1/2	98 1/2
A&W 2023	141 1/2	Midland 2030 8 1/2	98 1/2
A&W 2024	142 1/2	Midland 2031 8 1/2	98 1/2
A&W 2025	143 1/2	Midland 2032 8 1/2	98 1/2
A&W 2026	144 1/2	Midland 2033 8 1/2	98 1/2
A&W 2027	145 1/2	Midland 2034 8 1/2	98 1/2
A&W 2028	146 1/2	Midland 2035 8 1/2	98 1/2
A&W 2029	147 1/2	Midland 2036 8 1/2	98 1/2
A&W 2030	148 1/2	Midland 2037 8 1/2	98 1/2
A&W 2031	149 1/2	Midland 2038 8 1/2	98 1/2
A&W 2032	150 1/2	Midland 2039 8 1/2	98 1/2
A&W 2033	151 1/2	Midland 2040 8 1/2	98 1/2
A&W 2034	152 1/2	Midland 2041 8 1/2	98 1/2
A&W 2035	153 1/2	Midland 2042 8 1/2	98 1/2
A&W 2036	154 1/2	Midland 2043 8 1/2	98 1/2
A&W 2037	155 1/2	Midland 2044 8 1/2	98 1/2
A&W 2038	156 1/2	Midland 2045 8 1/2	98 1/2
A&W 2039	157 1/2	Midland 2046 8 1/2	98 1/2
A&W 2040	158 1/2	Midland 2047 8 1/2	98 1/2
A&W 2041	159 1/2	Midland 2048 8 1/2	98 1/2
A&W 2042	160 1/2	Midland 2049 8 1/2	98 1/2
A&W 2043	161 1/2	Midland 2050 8 1/2	98 1/2
A&W 2044	162 1/2	Midland 2051 8 1/2	98 1/2
A&W 2045	163 1/2	Midland 2052 8 1/2	98 1/2
A&W 2046	164 1/2	Midland 2053 8 1/2	98 1/2
A&W 2047	165 1/2	Midland 2054 8 1/2	98 1/2
A&W 2048	166 1/2	Midland 2055 8 1/2	98 1/2
A&W 2049	167 1/2	Midland 2056 8 1/2	98 1/2
A&W 2050	168 1/2	Midland 2057 8 1/2	98 1/2
A&W 2051	169 1/2	Midland 2058 8 1/2	98 1/2
A&W 2052	170 1/2	Midland 2059 8 1/2	98 1/2
A&W 2053	171 1/2	Midland 2060 8 1/2	98 1/2
A&W 2054	172 1/2	Midland 2061 8 1/2	98 1/2
A&W 2055	173 1/2	Midland 2062 8 1/2	98 1/2
A&W 2056	174 1/2	Midland 2063 8 1/2	98 1/2
A&W 2057	175 1/2	Midland 2064 8 1/2	98 1/2
A&W 2058	176 1/2	Midland 2065 8 1/2	98 1/2
A&W 2059	177 1/2	Midland 2066 8 1/2	98 1/2
A&W 2060	178 1/2	Midland 2067 8 1/2	98 1/2
A&W 2061	179 1/2	Midland 2068 8 1/2	98 1/2
A&W 2062	180 1/2	Midland 2069 8 1/2	98 1/2
A&W 2063	181 1/2	Midland 2070 8 1/2	98 1/2
A&W 2064	182 1/2	Midland 2071 8 1/2	98 1/2
A&W 2065	183 1/2	Midland 2072 8 1/2	98 1/2
A&W 2066	184 1/2	Midland 2073 8 1/2	98 1/2
A&W 2067	185 1/2	Midland 2074 8 1/2	98 1/2
A&W 2068	186 1/2	Midland 2075 8 1/2	98 1/2
A&W 2069	187 1/2	Midland 2076 8 1/2	98 1/2
A&W 2070	188 1/2	Midland 2077 8 1/2	98 1/2
A&W 2071	189 1/2	Midland 2078 8 1/2	98 1/2
A&W 2072	190 1/2	Midland 2079 8 1/2	98 1/2
A&W 2073	191 1/2	Midland 2080 8 1/2	98 1/2
A&W 2074	192 1/2	Midland 2081 8 1/2	98 1/2
A&W 2075	193 1/2	Midland 2082 8 1/2	98 1/2
A&W 2076	194 1/2	Midland 2083 8 1/2	98 1/2
A&W 2077	195 1/2	Midland 2084 8 1/2	98 1/2
A&W 2078	196 1/2	Midland 2085 8 1/2	98 1/2
A&W 2079	197 1/2	Midland 2086 8 1/2	98 1/2
A&W 2080	198 1/2	Midland 2087 8 1/2	98 1/2
A&W 2081	199 1/2	Midland 2088 8 1/2	98 1/2
A&W 2082	200 1/2	Midland 2089 8 1/2	98 1/2
A&W 2083	201 1/2	Midland 2090 8 1/2	98 1/2
A&W 2084	202 1/2	Midland 2091 8 1/2	98 1/2
A&W 2085	203 1/2	Midland 2092 8 1/2	98 1/2
A&W 2086	204 1/2	Midland 2093 8 1/2	98 1/2
A&W 2087	205 1/2	Midland 2094 8 1/2	98 1/2
A&W 2088	206 1/2	Midland 2095 8 1/2	98 1/2
A&W 2089	207 1/2	Midland 2096 8 1/2	98 1/2
A&W 2090	208 1/2	Midland 2097 8 1/2	98 1/2
A&W 2091	209 1/2	Midland 2098 8 1/2	98 1/2
A&W 2092	210 1/2	Midland 2099 8 1/2	98 1/2
A&W 2093	211 1/2	Midland 2100 8 1/2	98 1/2
A&W 2094	212 1/2	Midland 2101 8 1/2	98 1/2
A&W 2095	213 1/2	Midland 2102 8 1/2	98 1/2
A&W 2096	214 1/2	Midland 2103 8 1/2	98 1/2
A&W 2097	215 1/2	Midland 2104 8 1/2	98 1/2
A&W 2098	216 1/2	Midland 2105 8 1/2	98 1/2
A&W 2099	217 1/2	Midland 2106 8 1/2	98 1/2
A&W 2100	218 1/2	Midland 2107 8 1/2	98 1/2
A&W 2101	219 1/2	Midland 2108 8 1/2	98 1/2
A&W 2102	220 1/2	Midland 2109 8 1/2	98 1/2
A&W 2103	221 1/2	Midland 2110 8 1/2	98 1/2
A&W 2104	222 1/2	Midland 2111 8 1/2	98 1/2
A&W 2105	223 1/2	Midland 2112 8 1/2	98 1/2
A&W 2106	224 1/2	Midland 2113 8 1/2	98 1/2
A&W 2107	225 1/2	Midland 2114 8 1/2	98 1/2
A&W 2108	226 1/2	Midland 2115 8 1/2	98 1/2
A&W 2109			



NCING  
Critical area  
Member FDIC  
DOLLAR BOND PRICES  
RECOMMENDATIONS



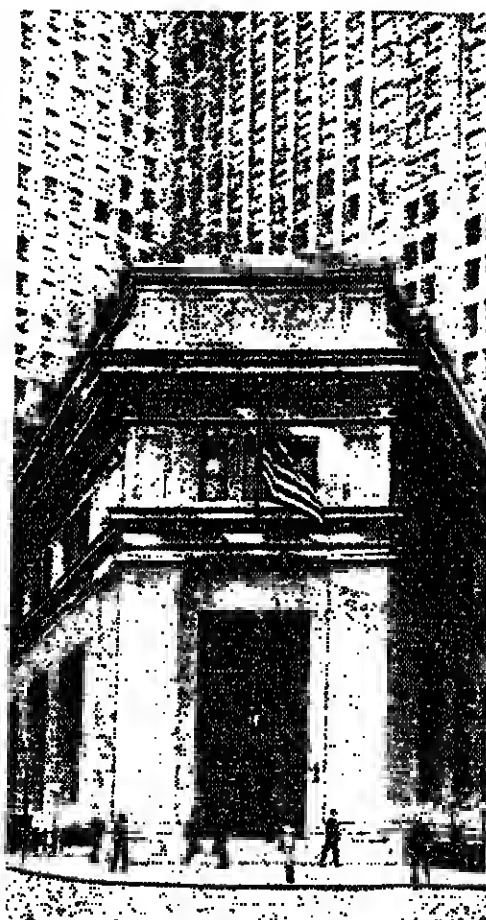
At the construction site of a North Sea drilling platform in Scotland are four of the Morgan officers who deal with petroleum projects. From left, Peter Waicks, Brenton Bradly, Peter Rugg, and Gildas Leconte du Nouy.

# On petroleum projects and acquisitions the time to talk to Morgan Guaranty is when you don't want to talk to anyone

Often the most critical phase of a petroleum project or acquisition is the internal consideration it gets before a company extends its first feeler. By definition, such consideration must stay confidential. To be practical, however, it demands expert advice on complex matters like regulatory constraints, tax and securities restrictions, the best method of funding. If the deal is international, the importance of such advice mounts geometrically.

This is why major energy companies frequently call on Morgan Guaranty's petroleum bankers before anyone else knows there is a project.

Morgan bankers are involved in petroleum financing all over the world. They can give you experienced counsel on local political environments and economic conditions. And because of their knowledge of the industry, they can give you important help in evaluating possible investments or acquisitions, or in financing your com-



pany's entry into new sectors of the energy business.

Petroleum financing is big business at Morgan. We are the lead bank in half of the oil loans in which we are a participant. We can help you quickly pinpoint the best sources of funds. We can help you structure and present your loan proposals, however technical.

When you want to talk to somebody before you talk to everybody, talk to Morgan Guaranty. Call Brenton J. Bradly, Vice President, at 01-283-8888. Or write to him at Morgan Guaranty, 33 Lombard Street, London EC3P 3BH.

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WALL STREET OVERSEAS MARKETS + FOREIGN EXCHANGES Pound easier

BY OUR WALL STREET CORRESPONDENT

AN IRREGULAR TREND developed on Wall Street today, following further losses across a broad front in early trading. After opening another 1.55 down at \$49.27...

Closing prices and market reports were not available for this edition. only 0.60. The NYSE All Common Index shed 6 cents to \$32.42...

MONDAY'S ACTIVE STOCKS table with columns for Stock, Price, Change, and Volume.

Indices

NEW YORK - DOW JONES table showing indices for Industrial, Railroads, Transp., Utilities, and Total.

STANDARD AND POORS

Table showing Standard and Poors indices for Industrial, Composite, and Bond.

OVERSEAS SHARE INFORMATION

NEW YORK table listing various international stocks and their prices.

Hudson's Bay lost \$1 to \$131 but Abitibi Paper rose \$1 to \$91. Resources eased 5 cents to \$4.75.

PARIS - Market eased in this trading with continuing political anxiety and the overnight fall in Wall Street affecting almost all sectors.

BRUSSELS - Belgian shares were irregular in fairly active trading. Most German issues fell, UK stocks were irregular.

AMSTERDAM - Prices fell as traders held back ahead of the 1978 Budget announcement. Royal Dutch up \$1.04 to \$138.85.

JOHANNESBURG - Gold shares were quiet but insurance and industrial shares were slightly easier.

VIENNA - Generally weaker, although Industrial Blue Chips were little changed.

OSLO - Bankings and shippings were quiet but insurance and industrial shares were slightly easier.

Table listing various international stocks and their prices.

JOHANNESBURG - Gold shares were heavyweights' gain. Up to 75 cents, while other increases ranged between 5 and 25 cents.

HONG KONG - Little changed after a slightly weaker opening. Hong Kong Bank shed 10 cents to \$HK14.30.

VIENNA - Generally weaker, although Industrial Blue Chips were little changed.

OSLO - Bankings and shippings were quiet but insurance and industrial shares were slightly easier.

VIENNA - Generally weaker, although Industrial Blue Chips were little changed.

OSLO - Bankings and shippings were quiet but insurance and industrial shares were slightly easier.

VIENNA - Generally weaker, although Industrial Blue Chips were little changed.

Table listing various international stocks and their prices.

STERLING fell further ground in the foreign exchange market yesterday, with all forward positions returning to discounts in terms of the dollar.

Three-month sterling finished at 0.15 cent discount against the dollar, compared with par on Monday.

EURO-CURRENCY INTEREST RATES table showing rates for various currencies and terms.

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EURO-CURRENCY INTEREST RATES table showing rates for various currencies and terms.

EURO-CURRENCY INTEREST RATES table showing rates for various currencies and terms.

Table listing various international stocks and their prices.

GOLD MARKET

Table showing gold prices in various currencies.

FOREIGN EXCHANGES

Table showing exchange rates for various currencies.

Table showing exchange rates for various currencies.

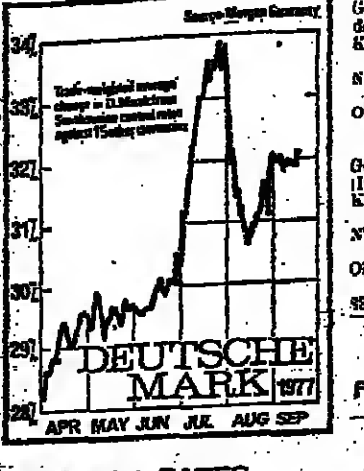
Table showing exchange rates for various currencies.

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Table showing exchange rates for various currencies.

Table showing exchange rates for various currencies.

Table showing exchange rates for various currencies.



DEUTSCHE MARK 1977

CURRENCY RATES

Table showing currency rates for various countries.

EXCHANGE CROSS-RATES

Table showing cross-rates between various currencies.

EURO-CURRENCY INTEREST RATES

Table showing interest rates for Euro-currency.

FORWARD RATES

Table showing forward rates for various currencies.

GERMANY

Table listing German stocks and their prices.

TOKYO

Table listing Tokyo stocks and their prices.

AUSTRALIA

Table listing Australian stocks and their prices.

OSLO

Table listing Oslo stocks and their prices.

Large advertisement for 'WALL STREET OVERSEAS MARKETS' with contact information and a logo.



FRUITS AND RAW MATERIALS

Lamb plies... Commodities Staff... Prices are expected to rise from early November onwards...

Plea for duty-free apple imports to ease shortage

APPLE PRICES could "rocket to the ceiling" this winter if the EEC does not suspend its import tariff, according to the National Federation of Fruit and Potato Traders yesterday... Prices are expected to rise from early November onwards...

Tin prices surge higher

TIN PRICES surged upwards again on the London Metal Exchange yesterday... Cash tin gained £165 to £6,365 a tonne...

EEC FOREIGN MINISTERS MEETING France vetoes sugar export quotas bid

THE FRENCH GOVERNMENT promptly refused to contemplate any restraint on EEC sugar exports here today... The French government has vetoed a bid by other EEC countries to set export quotas...

avocado begins

Avocado exports to Israel... The first Israeli avocado exports are expected to reach 25 per cent more this year...

U.K. corn markets depressed

THE CEREALS market here, like others in the South of England, is in a saturated and depressed state as a result of a good, possibly record harvest...

Good prospects for wheat pact

MR. OTTO LANG, Minister responsible for the Canadian Wheat Board, said here he was optimistic that there would be a new international wheat agreement...

Unmoved

He warned that this could seriously weaken the Nine's standing in UNCTAD... The British Minister stressed that the objective of a world sugar stabilisation agreement with EEC participation would be to bring about a balance in the world market...

Beet lobby

Officials here are still hoping that Paris will soften its position in time for a revised mandate to be endorsed by next week's Council of Agriculture Ministers... Beet lobby officials here are still hoping that Paris will soften its position...

CHINESE R HARVEST

Good summer crop... The New China News Agency reported that the country had a dry spell during the summer...

NICKEL OUTPUT OUTPACES USAGE

World nickel production is expected to increase this year by some 100,000 tonnes... Nickel output is outpacing usage...

Belgian scrap trade failure reported

U.K. non-ferrous scrap traders appear to be the uncorrupted... Belgian scrap trade failure reported...

PRICE CHANGES

Table with columns for item, price, and change. Includes metals, oils, and other commodities.

COMMODITY MARKET REPORTS AND PRICES

Table of commodity prices including tin, lead, zinc, and silver.

COFFEE

Table of coffee prices for various grades and origins.

SOYABEAN MEAL

Table of soyabean meal prices.

Wool Futures

Table of wool futures prices.

U.S. Markets

Table of U.S. market prices for various commodities.

REACTS AND TENDERS

EMPRESA LINEAS MARITIMAS ARGENTINAS S.A. NATIONAL PUBLIC CALL FOR BIDS No. 1/77

GRAINS

Table of grain prices including wheat, barley, and maize.

MEAT/VEGETABLES

Table of meat and vegetable prices.

Malaysian palm oil output up

CRUDE PALM OIL output in the Malaysian peninsula in June was 1,154,000 tonnes, compared with the 914,888 tonnes produced in June, 1976...

THAI POTASH DISCOVERY

BANGKOK, Sept. 20. Mr. PERM LIMPISAWAT, Thailand's Industry Minister, said surveys this year had discovered high-grade potash in commercial quantities in six different areas in the north-east of the country...

FINANCIAL TIMES

Table of financial market data including stock indices and exchange rates.

COCA

Table of coca prices.

JUTE

Table of jute prices.

MOODY'S

Table of Moody's credit ratings.

REUTERS

Table of Reuters market data.



STOCK EXCHANGE REPORT

Selling dries up and markets improve on small buying Share index 5.4 up at 522.3 helped by firmer gilt-edged

Account Dealing Dates... First Declara- Last Account Dealings Dates... Sep. 5 Sep. 15 Sep. 20 Sep. 27 Sep. 19 Sep. 29 Sep. 30 Oct. 11 Oct. 3 Oct. 13 Oct. 14 Oct. 23

Stock markets steadied yesterday after the previous day's widespread share selling. Further loose stock came out at the start, but this was quickly absorbed and small selective support was sufficient to bring about a modest recovery in the equity leaders and in British funds. The latter had been closing gains in longer maturities with the shorts making a stronger showing, with rises in the Government Securities Index at 74.73, picked up 0.16 of Monday's drop of 1.11. Share prices performed similarly with the leaders ending with gains of a few pence generally and the FT 30-share index down 3.2 in the previous three trading days, rallied to 522.3. As measured by the index, the day's best was at noon with prices tending to ease and then to rise again, unsettled by the announcement of the Scottish miners' objections to the industry's productivity scheme: earlier, hopes that the NUI negotiators could be able to reconvene the scheme and probably assert a claim which would breach Phase Two, had been a bullish influence, as was the Chancellor's hint at some relaxation of the scheme.

Trading was well below the recent daily average with official marketings amounting to 102.5 compared with around 8,000 during the previous two weeks. Business was centred mainly on leading names, but there were numerous pockets of speculative activity which usually fell higher prices. Rises in all FT-quoted equities outnumbered falls by nearly two-to-one, and the FT 30-share index gained 5.4, helped by 0.7 to 0.8 per cent. with the All-share at 218.93, hardening 0.7 after Monday's loss of 1.9 per cent. Most of the sub-sections made modest headway with the scattered falls usually confined to the Financial sector.

Helped by the further improvement in the billion price, South African Gold shares went better again and the Gold Mines index up 12 more to 1263 which is only 1 below the 1977 high recorded in March.

Short Gilt rebound

British Funds of a medium and longer maturity began easier in reflection of the previous evening's tendency and in the opening minutes of trading dealers were committed to raising their intake, absorbing small quantities of stock from loose holders. This was achieved without lowering quotations further, a movement that subsequently imparted confidence

J. Brown firm, 5 to 248p and Tubex ended a few pence dearer at 404p. Elsewhere, Advest Group came to the fore with a rise of 19 to 232p, after 296p, on hopes of an outright bid from Royal Electronics, which eased 2 to 235p. Ricardo and Co. moved up 8 to 150p in response to the annual results, while the good half-yearly figures prompted a gain of 4 to 233p in Simon. In the Store leaders, Elsewhere, Kwidform were temporarily suspended at 123p, up 7, at the company's request pending a statement in connection with a possible offer, new of the year, but worth 188p cash from Richard Costain came well after market hours, which eased 4 to 215p.

In Chemicals, ICI edged up to 429p before ending to close 429p higher on balance at 427p. Laporte picked up a penny to 117p ahead of today's interim results.

Among Foods Bernard Matthews featured with a rise of 5 to 157p on the doubled first-half profits. Elsewhere, J. K. Eastwood moved up 4 to 91p, while United Biscuits, at 167p, regained 2 of the previous day's loss of 6 which followed the interim figures. This end of the national bread strike had little effect on principal milling concerns: Spillers ended marginally harder at 58p, Hotels and Caterers had the occasional small gain. Ladbroke edged up 3 to 177p, while Grand Metropolitan, 99p, and Trust Houses Fortic, 172p, put on 2 pence.

Redfern National Glass featured miscellaneous Industrials with a rise of 20 to 270p before dealings in the shares were temporarily suspended at the request of the company pending an announcement of current results. Redfern are fighting an unwanted partial bid of 300p cash per share from Rheem International. The leaders picked up a little of Monday's share falls, but the London tone remained nervous. Bechem rallied 4 to 637p, as did Turner and Newall, to 245p, but Glaxo failed to make headway and closed unaltered at 630p. Recel and Colmax, a poor market of late

disappointing interim results, gained 8 to 446p. Unilever were 8 higher at 560p. Elsewhere, Hirst and Mollison put on 5 1/2 to 41p in a thin market, while a revival of speculative demand lifted Coral Leisure 6 to 219p. Belated response to recent Press comment saw Alpine Holdings rise 3 1/2 to 44p. Barrow Hebrides were unaltered at 53p; details of the expansionary move by France and the highest dividend forecast came too late to affect the market price. Myson, a depressed market of late on a dispute by the company's welders, recovered 3 to 41p. European Ferris improved 2 1/2 to 95p, while similar rises were seen in Ocell, 65p, Crest Nicholson, 55p, and Viatex, 57p.

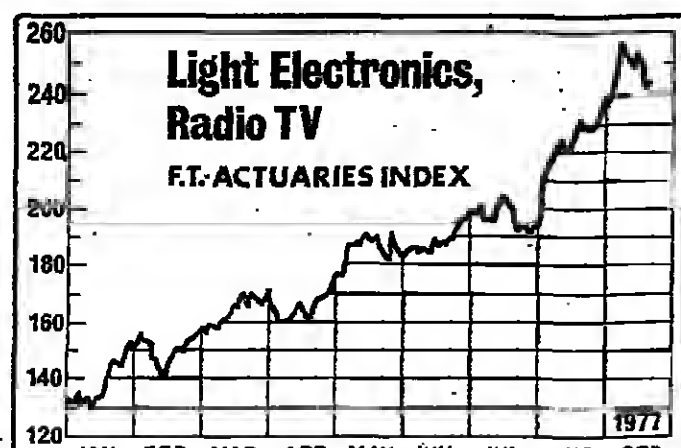
Motors and Distributors were generally better where changed. Turner Manufacturing advanced 7 1/2 to 107 1/2p, while gains of 5 were seen in J. G. Woodhouse, 185p, and Rolls-Royce, 78p. Lex Service were active and 2 better at a 1977 peak of 70 1/2p, while Armstrong Equipment, 39p, and Kwik-Fit, 29p, were also active. By contrast, Dimplex reacted 4 to 110p on nervous selling ahead of tomorrow's interim report. Willmot-Brederer remained 7 1/2 to 107 1/2p, but fell on a two-day loss of 7 1/2p, still on fad dog hopes. Houchins suspended at 134p on Monday, received a 198p 3 share cash bid late yesterday from Dale Electric, which closed 4 easier at 108p.

Scattered improvements in Paper/Priorities included Buzzi, 4 higher at 121p, and Trident Group, 3 dearer at a peak for the year of 35p.

Oil Exploration up Oil Exploration featured a firm oil sector, rising 22 to 292p on revived speculative demand. Premier Consolidated, which had been down 20p, gained 20p to 20p. The leaders encountered a fair amount of small buying and British Petroleum rose 8 to 928p, while the partly-paid gained 7 1/2 to 457p. Shell were only 1 better at 610p, after 612p. Further consideration of Monday's good interim results statement saw Tritelent recover 2 1/2 to 238p, while LAMCO Sloek Unis and the Ordinary were both a few pence harder at 403p and 184p respectively.

Leading Properties were mainly easier, although the falls were again modest. Land Securities eased 3 to 225p, while Scottish Metropolitan shed 2 1/2 to 94p, but Capital and Counties hardened a penny to 111 more to 195p, a two-day gain of 50.

The strength of Gold's was reflected in a very firm Financial sector with Anglo American another 8 higher at a high of 270p. The half-year results are expected tomorrow, and Anglo-Vac 40 better at 740p.



FINANCIAL TIMES STOCK INDICES table with columns for various indices like Government Sec, Fixed Interest, Industrial Ordinary, Gold Mines, etc., and rows for different dates.

HIGHS AND LOWS table with columns for High, Low, and S.E. ACT. It lists various stock prices and their movements.

A good turnover was reported in London-registered shares, with Gold Fields another 7 to 238p, good at 190p, after a 1977 high of 191p and Charter 3 firmer at 143p, both reflecting the recent upsurge in the gold share prices. Rio Tinto-Zinc rose to 238p more at 194p.

OPTIONS TRADED table with columns for DEALING DATES, Last Deal, Last Declara, For Ings, etc. It lists various options and their trading details.

NEW HIGHS AND LOWS FOR 1977 table with columns for the following securities, High, Low, and Date. It lists various stocks and their price ranges for the year.

RISES AND FALLS YESTERDAY

Table showing rises and falls in various stock indices and sectors, including CAPM, Building Materials, Electricals, etc.

ENTERTAINMENT GUIDE

Entertainment Guide section containing listings for OPERA & BALLET, THEATRES, and THEATRE ANNOUNCEMENTS. It lists various plays, venues, and performance times.

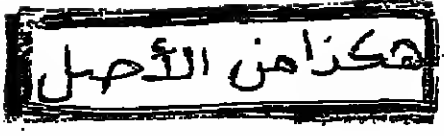
RECENT ISSUES

RECENT ISSUES table with columns for EQUITIES, FIXED INTEREST STOCKS, and RIGHTS OFFERS. It lists various stocks and their recent market activity.

FT-ACTUARIES SHARE INDEX

FT-ACTUARIES SHARE INDEX table with columns for EQUITY GROUPS, FIXED INTEREST YIELDS, and ACTIVE STOCKS. It provides detailed data on various financial instruments and their performance.





AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Table of Authorised Unit Trusts listing various funds such as Brown Shipley & Co. Ltd., Guardian Royal Ex. Unit Mgrs. Ltd., and others with their respective performance metrics.

Table of Offshore and Overseas Funds listing various international investment funds such as Fidelity Mgmt. & Res. (Bda.) Ltd., Kew-Gee Management Jersey Ltd., and others.

BASE LENDING RATES

Table of Base Lending Rates for various banks and financial institutions, including Hill Samuel, Co. Hoare & Co., and others.

INSURANCE, PROPERTY, BONDS

Table of Insurance, Property, and Bonds listing various insurance policies, property investments, and bond offerings.

Advertisement for 'PING PONG' featuring a table tennis racket and promotional text: 'Simple but brilliant idea!'

Advertisement for 'CLIVE INVESTMENTS LIMITED' providing details on their investment services and contact information.

Advertisement for 'INSURANCE BASE RATES' listing various insurance policies and their corresponding rates.



HOTELS - Continued

Table listing hotel stocks with columns for stock name, price, and other financial metrics.

INDUSTRIALS (Miscel.)

Large table listing various industrial stocks, including A&B Research, Abbey Lab, and others, with columns for stock name, price, and other financial metrics.

FT SHARE INFORMATION SERVICE

ENGINEERING - Continued

Table listing engineering stocks such as Gammalwood, Greenhill, and others, with columns for stock name, price, and other financial metrics.

ELECTRICAL AND RADIO

Table listing electrical and radio stocks including A&R Electronics, Audio Video, and others, with columns for stock name, price, and other financial metrics.

DRAPERY AND STORES - Cont.

Table listing drapery and stores stocks such as MFI House, Hingle, and others, with columns for stock name, price, and other financial metrics.

CHEMICALS, PLASTICS

Table listing chemical and plastic stocks including Alzo, Albright Wilson, and others, with columns for stock name, price, and other financial metrics.

BUILDING INDUSTRY - Cont.

Table listing building industry stocks such as Callford Br, Gibbs D, and others, with columns for stock name, price, and other financial metrics.

CINEMAS, THEATRES AND TV

Table listing cinema, theatre, and TV stocks including Cinemas, Theatres, and TV, with columns for stock name, price, and other financial metrics.

DRAPERY AND STORES

Table listing drapery and stores stocks including Allied Retail, Amber, and others, with columns for stock name, price, and other financial metrics.

AMERICANS - Continued

Table listing American stocks such as American, American, and others, with columns for stock name, price, and other financial metrics.

BANKS AND HIRE PURCHASE

Table listing bank and hire purchase stocks including ANZ, Bank of America, and others, with columns for stock name, price, and other financial metrics.

BEERS, WINES AND SPIRITS

Table listing beer, wine, and spirit stocks including Allied Brew, Bass, and others, with columns for stock name, price, and other financial metrics.

AMERICANS - Continued

Table listing American stocks such as American, American, and others, with columns for stock name, price, and other financial metrics.

BRITISH FUNDS

Table listing British funds including Treasury, British, and others, with columns for fund name, price, and other financial metrics.

FOREIGN BONDS & RAIS

Table listing foreign bonds and rais including American, British, and others, with columns for bond name, price, and other financial metrics.

Brown Shipley advertisement: 'the right size for your merchant bank' with contact information for London, Edinburgh, and Glasgow.

British Funds advertisement: 'Shorts (Lives up to Five Years)' listing various fund options and their performance.

Over Fifteen Years advertisement: 'Five to Fifteen Years' listing long-term investment options and their performance.

INTERNATIONAL BANK advertisement: 'CORPORATION LOANS' listing international banking services and loan options.

COMMONWEALTH & AFRICAN LOANS advertisement: 'CORPORATION LOANS' listing loans for Commonwealth and African countries.

LOANS (Miscel.) advertisement: 'CORPORATION LOANS' listing various miscellaneous loan services.

AMERICANS advertisement: 'CORPORATION LOANS' listing American loan services and options.

AMERICANS advertisement: 'CORPORATION LOANS' listing American loan services and options.

Handwritten signature or mark at the bottom right of the page.



STOCKS—Continued

Table of stock prices and movements, including columns for stock names, prices, and changes.

INSURANCE—Continued

Table of insurance company shares and prices.

PROPERTY—Continued

Table of property-related shares and prices.

TRUSTS—Continued

Table of trust shares and prices.

TRUSTS—Continued

Table of trust shares and prices.

DAIWA SECURITIES logo and header.

MINES—Continued table with columns for stock names and prices.

AUSTRALIAN table with columns for stock names and prices.

TINS table with columns for stock names and prices.

OVERSEAS TRADERS table with columns for stock names and prices.

RUBBERS AND SISALS table with columns for stock names and prices.

TEAS table with columns for stock names and prices.

India and Bangladesh table with columns for stock names and prices.

Sri Lanka table with columns for stock names and prices.

AFRICA table with columns for stock names and prices.

MINES table with columns for stock names and prices.

CENTRAL RAND table with columns for stock names and prices.

EASTERN RAND table with columns for stock names and prices.

FAR WEST RAND table with columns for stock names and prices.

O.P.S. table with columns for stock names and prices.

FINANCE table with columns for stock names and prices.

INSURANCE

Table of insurance company shares.

PROPERTY

Table of property-related shares.

TRUSTS, FINANCE, LAND

Table of trust, finance, and land shares.

FINANCE, LAND, ETC.

Table of finance, land, and other shares.

DIAMOND AND PLATINUM

Table of diamond and platinum shares.

CENTRAL AFRICAN

Table of Central African shares.

OVERSEAS TRADERS

Table of Overseas Traders shares.

RUBBERS AND SISALS

Table of Rubbers and Sisals shares.

TEAS

Table of Teas shares.

India and Bangladesh

Table of India and Bangladesh shares.

Sri Lanka

Table of Sri Lanka shares.

AFRICA

Table of Africa shares.

MINES

Table of Mines shares.

CENTRAL RAND

Table of Central Rand shares.

EASTERN RAND

Table of Eastern Rand shares.

FAR WEST RAND

Table of Far West Rand shares.

O.P.S.

Table of O.P.S. shares.

FINANCE

Table of Finance shares.

DIAMOND AND PLATINUM

Table of Diamond and Platinum shares.

Notes and additional information regarding the market data.



